

EXHIBIT F

SEC Statements¹

InterDigital Communications Corp. Form 10-K, March 31, 2005:

"Based on our history of invention and our extensive participation in the standards bodies, together with the extensive use of our technology innovations across different standards, we believe that our patent portfolio, including patents applied for, is applicable to all of the air interface protocols described in the IMT-2000 standard. We also believe that we will have patents essential to new IEEE 802.11 standards currently under development. We have indicated to the appropriate SDOs that we hold patents and patent applications that are essential for implementation of the present 3G standards in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles of fairness, reasonableness and/or non-discrimination."

"As a result of our participation in the Standards, we have filed declarations that make our essential inventions available for use and we will license on fair, reasonable and non-discriminatory or similar terms consistent with the requirements of the individual Standards organizations."

InterDigital Communications Corp. Form 10-K, March 15, 2004:

"Based on our history of invention and our extensive participation in the standards bodies, together with the extensive use of our technology innovations across different standards, we believe that our patent portfolio, including patents applied for, is applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards bodies that we hold patents and patent applications that are essential for implementation of the present 3G standards specifications in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles of fairness, reasonableness and/or non-discrimination for each standards body."

InterDigital Communications Corp. Form 10-K, March 31, 2003:

"Based on our history of invention and our extensive participation in the standards bodies, together with the extensive use of our technology innovations across different standards, we believe that our patent portfolio, including patents applied for, is applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards bodies that we hold patents and patent applications that are essential for implementation of the present 3G standards specifications in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles for each standards body."

¹ See Plaintiffs' Statement Pursuant to First Discovery Order at 1-2. The SEC Statements are attached to this exhibit as Exhibit F2.

InterDigital Communications Corp. Form 10-K405, March 29, 2002:

"Based on our history of invention and our extensive participation in the standards bodies, together with extensive cross use of technology innovation across different standards, we believe we [sic] that our patent portfolio (including patents applied for) is applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards setting bodies that we hold patents and patent applications that are either essential or commercially important for implementation of the present 3G standards specifications in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles for each standards body."

InterDigital Communications Corp. Form 10-K405, April 2, 2001:

"We believe that our patent portfolio is, or when applications result in granted patents, will be applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards setting bodies that we hold patents and patent applications that are either essential or commercially important for implementation of the present 3G standards specifications into products."

InterDigital Communications Corp. Form 10-K, March 29, 2000:

"We believe that our patent portfolio is applicable to all of the air interface protocols described in the standard, and we have indicated to the standard setting bodies that we hold patents and patent applications that are either essential or commercially important for 3G products built to present standards specifications."

Press Statements²

"InterDigital believes that, in many instances, licenses for certain of our patents are required for third parties to manufacture and sell digital cellular products in compliance with TDMA and CDMA-based standards currently in use worldwide." www.InterDigital.com/tech_products_licensing.shtml.

"Today, [InterDigital's] inventions and technology are embedded in every 2G, 2.5G and 3G device." www.InterDigital.com/tech_products_introduction.shtml.

"InterDigital has a strong portfolio of patented technologies covering 2G, 2.5G and 3G standards, which it licenses worldwide." http://www.interdigital.com/press_room_news_archive_detail.jsp?releaseId=547434&cb=1151594870650.

"InterDigital supports the evolution of 3G technology through active participation in the standards bodies, invention of essential patented technologies, and development of advanced 3G

² See Plaintiffs' Statement Pursuant to First Discovery Order at 2-4. The Press Statements are attached as Exhibit F3 to this exhibit.

product solutions.” <http://phx.corporate-ir.net/phoenix.zhtml?c=116582&p=irol-newsArticle&ID=813104>.

“InterDigital’s 3G license with High Tech Computer ‘affirms InterDigital’s position as a recognized developer and contributor of essential wireless technologies.’” <http://phx.corporate-ir.net/phoenix.zhtml?c=116582&p=irol-newsArticle&ID=547419>.

“[W]e have essential patents . . . and anybody that produces a 3G terminal U.S. device, needs to be licensed under all these essential patents. So from our perspective, every manufacturer who produced devices to that standards [sic] needs to license with us.” William Merritt, Speech at Bear Stearns Annual Technology Conference (June 12, 2006).

“Panasonic’s acknowledgement that they used our technology was tantamount to a . . . statement that our patents are essential. So it’s not that they were making some - doing some particular implementation that lead them into our patents. It was an acknowledgement by them that, yes InterDigital does hold essential patents.” *Id.*

“InterDigital holds essential [intellectual property rights] in variations of 3G, including FDD, TDD, and CDMA.” www.tdscdma-forum.org/EN/zf/yjx.asp (attributing quote to Donald Boles, Senior Vice President and Chief Patent Strategist of InterDigital from Interview; dated July 25, 2005).

“[InterDigital’s] broad portfolio of essential patents, along with InterDigital’s 3G products and technology, will serve to fuel [InterDigital’s] revenue growth as the 3G market emerges.” www.3Gnewsroom.com/3g_news/jan_02/news_1743.shtml (attributing quote to Howard E. Goldberg, President and Chief Executive Officer of InterDigital; dated Jan 16, 2002).

“InterDigital’s *3G licenses* with Matsushita, Sharp and Japan Radio Company ‘reflect the industry’s recognition of the importance of [InterDigital’s] 3G essential patent portfolio.’” www.3Gnewsroom.com/3g_news/jan02/news_1732.shtml (attributing quote to Howard E. Goldberg, President and Chief Executive Officer of InterDigital; dated Jan. 15, 2002).

“InterDigital is ‘a recognized developer and contributor of essential technology’ for 3G.” www.3Gnewsroom.com/3g_news/dec_02/news_2867.shtml (attributing quote to William Merritt, President of InterDigital Technology Corp.; dated Dec. 18, 2002).

“We have said in a prior press release that we believe that our patents are essential to each of the five specifications under the third generation technology. Therefore anyone practicing that technology is going to have to deal with us.” Video Interview by Bill Griffith with Howard Goldberg, President, InterDigital Communications Corp. (Jan. 10, 2000), 2000 WLNR 2850752 (statement by Goldberg).

“InterDigital began saying on Nov. 17 [1999] that it holds ‘patents that are essential to the new IMT-2000 standard,’ executive vice president Rip Tilden said yesterday.” Henry J. Holcomb, *InterDigital Soars After U.N. Report a New Wireless-Technology Standard Was Adopted*, Philadelphia Inquirer (Dec. 31, 1999).

ETSI Statements³

IPR Information and Declaration Statement, April 10, 2001:

IPR Information Statement: "In accordance with the ETSI IPR Policy, Article 4.1, I hereby inform ETSI that....with reference to ETSI Standard No. UMTS it is my belief that the IPRs listed in Annex 2 are, or are likely to become, Essential IPRs in relation to that Standard."

IPR Declaration Statement: "The SIGNATORY has notified ETSI that it is the proprietor of IPRs listed in Annex 2 and has informed ETSI that it believes that the IPRs may be considered ESSENTIAL to the Standards listed above."

IPR Information Statement and Licensing Declaration, April 8, 2004:

IPR Information Statement: "In accordance with the ETSI IPR Policy, Article 4.1, I hereby inform ETSI that....with reference to ETSI Standard No. UMTS...it is my belief that the IPRs listed in Annex 2 are, or are likely to become, Essential IPRs in relation to that Standard."

IPR Declaration Statement: "The SIGNATORY has notified ETSI that it is the proprietor of IPRs listed in Annex 2 and has informed ETSI that it believes that the IPRs may be considered ESSENTIAL to the Standards listed above."

³ See Plaintiffs' Statement Pursuant to First Discovery Order at 4. Attached as Exhibit F1 to this exhibit are copies of the declarations filed by InterDigital with ETSI.

EXHIBIT F1

ANNEX 1

IPR INFORMATION AND DECLARATION STATEMENT

IPR Holder/OrganisationLegal Name: InterDigital Technology CorporationSignatoryName: Howard E. GoldbergPosition: President

Department: _____

Address: 100 Delaware Avenue, Suite 527Wilmington, DE 19801Tel: (610) 578-5677Fax: (610) 578-7853E-mail: howard.goldberg@interdigital.comIPR information statement

In accordance with the ETSI IPR Policy, Article 4.1, I hereby inform ETSI that:

With reference to the technical proposal identified as _____

and/or

in relation to Work Item No. _____

and/or

with reference to ETSI Standard No. UMTS

it is my belief that the IPRs listed in Annex 2 are, or are likely to become, essential IPRs in relation to that Standard.

IPR declaration statement

The SIGNATORY has notified ETSI that it is the proprietor of the IPRs listed in Annex 2 and has informed ETSI that it believes that the IPRs may be considered ESSENTIAL to the Standards listed above.

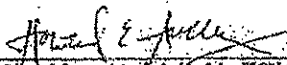
The SIGNATORY and/or its AFFILIATES hereby declare that they are prepared to grant irrevocable licences under the IPRs on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy, in respect of the STANDARD, to the extent that the IPRs remain ESSENTIAL.

The construction, validity and performance of this DECLARATION shall be governed by the laws of France.

Place, Date:

Signature:

Mills PA USA 10/24/01


 (Signed for and on behalf of the SIGNATORY)

Please return this Annex duly completed with Annex 1 duly signed to:
 DIRECTOR GENERAL - Karl Heinz Rosenbrock

ETSI - 650, route des Lucioles - F - 06921 Sophia Antipolis Cedex - FRANCE



EUROPEAN TELECOMMUNICATION STANDARDS INSTITUTE

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ANNEX 1

IPR INFORMATION STATEMENT AND LICENSING DECLARATION

IPR Policy Organisation

Legal Name: InterDigital Technology Corporation

Signature

Name: Donald M. Bole

Position: Chief Patent Counsel

Department:

Address: 100 Delaware Avenue, Suite 107

Wilmington, DE 19801

Tel: (610) 478-6677

Fax: (610) 478-7843

Email: donald.bole@interdigital.com

IPR Information statement

In accordance with the ETSI IPR Policy, Article 4.1, I hereby inform ETSI that

with reference to the technical proposal identified as

and/or

in relation to Work Item No.

and/or

with reference to ETSI Standard No. UTRAN (3GPP) TSG RAN Release 5

it is my belief that the IPRs listed in Annex 2 are, or are likely to become, Essential IPRs in relation to that Standard.

IPR Licensing Declaration

The SIGNATORY has notified ETSI that it is the proprietor of the IPRs listed in Annex 2 and has informed ETSI that it believes that the IPRs may be considered ESSENTIAL to the Standard in question.

The SIGNATORY and/or its APPLICANT hereby declare that they are prepared to exercise their rights under the IPRs on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy, in respect of the STANDARD, to the extent that the IPRs are in 789531124.

The interpretation, validity and performance of this DECLARATION shall be governed by the laws of France.

Place, Date:

100 Delaware Avenue, Suite 107
Wilmington, DE 19801

Signature:

Signed by and on behalf of the SIGNATORY

Please return this form duly signed to:
ETSI Director General - San Martin StreetETSI - 650, route des Lucioles - F-06907 Sophia Antipolis Cedex - FRANCE
Fax: +33 (0) 4 93 61 41 16

EXHIBIT F2



FORM 10-K

INTERDIGITAL COMMUNICATIONS CORP – IDCC

Filed: March 31, 2005 (period: December 31, 2004)

Annual report which provides a comprehensive overview of the company for the past year

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In this document, the words "we," "our," "ours," "us," "the Company," and "InterDigital" refer only to InterDigital Communications Corporation collectively with its subsidiaries.

PART I**Item 1. BUSINESS****General**

We design and develop advanced wireless technology solutions, which we make available for license or sale to semiconductor companies and equipment producers. Our advanced technology solutions are comprised of inventions, know-how and other technical data (e.g., software, designs and specifications) related to the design and operation of digital wireless products and systems. We patent many of our inventions and license those inventions to wireless communications equipment producers and/or related suppliers. In addition, we offer for sale or license, on a non-exclusive basis, various portions of our technology (e.g., reference designs, algorithms, know-how and software) to producers of wireless equipment products and components. Our advanced technology solutions have been developed independently, in conjunction with equipment manufacturers and through strategic acquisitions. We also actively participate in the standard setting process for wireless technologies, contributing solutions that are incorporated from time-to-time into the standards.

We currently generate revenues and cash flow primarily through royalties from the licensing of our patent portfolio. We also expect to generate revenues and cash flow from licensing of other technology product solutions (e.g., FDD terminal unit protocol stack software, smart antenna solutions, physical layer chipset designs, etc.) and the provision of specialized engineering services.

As an early participant in the digital wireless market, we developed pioneering solutions for both of the main air interface technologies in use in today's cellular systems, namely: TDMA and CDMA technologies. Our significant worldwide portfolio of patents and patent applications in wireless communications has been driven by our high level of early and fundamental invention in digital wireless technologies. A number of our patented inventions are essential to the implementation of 2G, 2.5G and 3G wireless products, and we have been licensing those and other inventions to numerous wireless communications manufacturers in conjunction with their manufacture, and sale of 2G, 2.5G or 3G products. As a result of our participation in the Standards, we have filed declarations that make our essential inventions available for use and we will license on fair, reasonable and non-discriminatory or similar terms consistent with the requirements of the individual Standards organizations. In addition, we have been developing various technology solutions for use in wireless LAN/MAN standards being developed by the IEEE (Institute of Electrical and Electric Engineering) 802 LAN/MAN standards committee. The products incorporating our inventions include but are not limited to:

- Mobile phones and personal digital assistants
- Other wireless devices (e.g., laptops, PC cards, USB sticks)
- Base stations and other infrastructure equipment
- Modules and components for wireless devices

We also incorporate our inventions into our own product solutions. We develop advanced technology platforms (including reference designs, know-how and software) that provide highly efficient solutions for the wireless market. We offer technology and product solutions for mainstream wireless applications that deliver time-to-market, performance and cost advantages, as well as product differentiation advantages to our customers. Most of our principal solutions are implemented in a proprietary manner to conform to applicable standards, although there are currently no standards requiring conformance by or use of our Adaptive Interference Management solutions.

We invest heavily in the development of advanced wireless technology and related products by building and sustaining a highly specialized engineering team. Over each of the last three years, our cost of development has represented approximately one-half of our total operating expenses. The largest portion of our cost of development has been personnel costs. As of December 31, 2004, we employed 209 engineers, of whom 58% hold masters degrees and an additional 17% hold PhDs. Our technology development programs broaden and deepen our extensive patent portfolio through inventing activities necessary to create new, higher performance, leading-edge technologies, and expand our body of technical know-how related to standards-based wireless technologies and systems, and have enabled us to bring product to market. We are developing technologies that may be utilized to extend the life of the current generation of products, and that may be applicable to multiple generational standards such as 2G, 2.5G and 3G as well as IEEE 802 wireless standards, and that may have applicability across multiple air interfaces.

We incorporated in 1972 under the laws of the Commonwealth of Pennsylvania. We conducted our initial public offering in November 1981. Our corporate headquarters and administrative offices are located in King of Prussia, Pennsylvania, USA. Our research and technology and product development teams are located in the following locations: King of Prussia, Pennsylvania, USA; Melville, New York, USA; Melbourne, Florida, USA; and Montreal, Quebec, Canada.

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(TDD)(R5) and past Editor and Rapporteur, 3GPP RAN WG4, TDD Base Station Classification. In addition to our participation in a number of standards bodies, we also are active in several technology forums that foster our business interests.

Based on our history of invention and our extensive participation in the standards bodies, together with the extensive use of our technology innovations across different standards, we believe that our patent portfolio, including patents applied for, is applicable to all of the air interface protocols described in the IMT-2000 standard. We also believe that we will have patents essential to new IEEE 802.11 standards currently under development. We have indicated to the appropriate SDOs that we hold patents and patent applications that are essential for implementation of the present 3G standards in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles of fairness, reasonableness and/or non-discrimination. (See, "*Business Activities, Patent and Technology Licensing*").

Business Activities**Technology and Product Development**

Over the course of our history, we have designed, developed and placed into operation a variety of advanced wireless technologies, systems and products. In addition, through our involvement in the standards bodies and incubation efforts, we monitor emerging technologies and identify needs created by the development of advanced wireless systems. The Company began developing CDMA solutions in early 1999. Since 1999, we have focused the vast majority of our technology and product development on the air interface technology referred to as WCDMA. More recently, we have devoted resources to initial product implementations of our Adaptive Interference Management technologies and we continue to expand our technology and product development business, targeting new customers for our existing technologies and products as well as targeting new markets and investing in new technologies, such as wireless IEEE 802 wireless standard compliant solutions.

We recorded expenses of \$51.2 million, \$45.9 million, and \$46.1 million during 2004, 2003 and 2002, respectively, related to our research, technology and product development efforts. Research and development efforts enable us to patent many of our inventions. As a result of such patents, we have generated substantial royalty revenues. In addition, in 2004, 2003, and 2002, we recognized revenues associated with technology development projects totaling \$0.1 million, \$1.1 million, and \$4.5 million, respectively. Revenue amounts in 2003 and 2002 were primarily associated with a TDD development project for Finland-based Nokia Corporation (Nokia).

3G Air Transport Solutions

The WCDMA technology suite is comprised of two duplexing methods, FDD and TDD. With FDD transmission, communications signals are transmitted in full duplex mode via two separate radio bands of equal size. With TDD transmission, communications signals are sent in half duplex mode using a single radio channel. While global market demand for FDD products is growing in tandem with the emerging market demand for 3G generally, we expect that any deployment of TDD products will trail the emergence of FDD products.

FDD Technology Products**Infineon Technologies AG**

We developed and continue to support an FDD protocol stack for use in terminal units under our cooperative development and sales agreement with Infineon Technologies AG (Infineon). This FDD protocol stack interfaces with existing GSM/GPRS hardware and software, supports Infineon's 3G baseband processor, and is portable to other baseband processors. The Company and Infineon completed the full multi-mode FDD protocol stack in 2003 and, in first quarter 2004, conducted a successful public demonstration of the protocol stack operating in a fully functional 3G handset. The FDD protocol stack solution is being offered to 3G mobile phone and semiconductor producers. We have supported Infineon in its early product launch with interoperability testing and continue to support product certification and launch with field support, lab testing and software support.

Under the March 2001 agreement with Infineon, which has a duration of twelve years from the first sale of the joint 3G protocol stack, the parties each own the technology they develop. In addition, the parties have cross-licensed to each other a limited set of patents for specified purposes. In our case, the cross-licensed patents are those generally applicable to the jointly developed software and related products for specified purposes. We have also agreed to a framework for determining royalties in other 2G and 3G products. No revenues have been generated under this agreement to date. (See, "*Risk Factors, We Rely and Intend to Rely on Relationships with Third Parties to Develop and Deploy Products*").

As a result of the relationship established under the March 2001 agreement, Infineon additionally requested that we provide Outer Loop Power Control software for Infineon's UMTS platform. In addition, due to the technology portfolio we developed, we were positioned to license a commercial FDD protocol stack to General Dynamics Decision Systems, Inc. (General Dynamics) as described below.

Table of Contents**Risk Factors**

This Annual Report, including "Item 1. Business" and "Item 7. Management's Discussion and Analysis", contains forward-looking statements reflecting, among other things, the Company's beliefs and expectations as to: (i) the deployment, migration to and growth of the 3G market and the wireless data services market; analysts and industry expert forecasts as to the market for wireless products and services and growth of certain technologies; our belief as to the inability of existing system solutions to meet anticipated demands of wireless data users; (ii) our ability to influence the wireless technology standards development process; the timing of new standards being adopted; (iii) our strategy including: (a) the development and delivery of advanced wireless technologies to address the constantly evolving demands of the wireless market while securing and protecting the underlying intellectual property; (b) a program of licensing our patented technology to wireless equipment producers worldwide; (c) the implementation of our technologies into a diversified portfolio of products to serve a broad range of customers in the global cellular, IEEE 802 wireless and U.S. government markets; (d) maximizing the value proposition for our customers and partners by combining our intellectual property rights and technology products into a coordinated offering; (e) substantial involvement in key worldwide standards bodies to contribute to the ongoing definition of wireless standards and to incorporate our inventions into those standards; (f) acquisition of valuable intellectual property, technologies and products that will enhance the value of our portfolio of solutions for our customers; (g) creatively structured relationships with leading technology developers and equipment producers; (iv) our belief that a number of our inventions are essential to the 2G, 2.5 G and 3G standards, and many will be commercially important in 2G, 2.5G and 3G product offerings and have application and will be essential in IEEE 802 and interference management technologies and our belief that our patent portfolio is applicable to all air interface protocols described in the IMT-2000 standard; (v) our plans to: (a) continue testing and implementation of the Company's and Infineon's FDD protocol stack, (b) offer our HSDPA solution to semiconductor and handset manufacturers; (c) monitor market interest in TDD technology and defer allocating further resources on TDD development; (d) market our AIM Antenna technology in the IEEE 802 wireless market, pursue relationships with top antenna manufacturers, ODMs and OEMs and our beliefs as to the applications and capabilities of our AIM Antenna and AIM Performware solutions; (e) enhance internal development efforts by partnering with leading universities and researchers and acquisitions and leveraging such relationships and acquisitions through licensing of associated patents and technology; (vi) the timing of deliverables and associated payments under our General Dynamics contract; (vii) our future revenues, cash flow, short-term investment position, operating expenses, and capital expenditures, and the sources and timing thereof, and our near term operating requirements and lack of need to seek additional financing; (viii) our ability to monetize our investment in technology development primarily through patent licensing or sale of all or a portion of our technologies; (ix) our ability to enter into new customer, partner and licensing relationships, secure patent protection for our inventions, and develop, introduce and sell new products, technology and enhancements on a timely and consistent basis; (x) the royalty obligations of Nokia and Samsung under their respective patent license agreements with us and the timing of the respective arbitration proceedings; (xi) our ability to collect royalties under existing license agreements and settlement agreements and derive future revenues from our patents, including: (a) the impact of a successful action against some of our patents based on validity or infringement or the impact of a design around some of our commercially important patents on ongoing and new royalty revenue streams and; (b) the impact on our cash flow, results of operations and level of profitability due to loss of revenues under the NEC 3G License, Sony Ericsson Agreement, or Sharp PDC/PHS Agreement and our expectation as to the structure of new patent license agreements. Words such as "expect," "will," "believe," "could," "would," "may," "anticipate," "our strategy," "future," "target," "trend," "seek to," "will continue," "outcome," "predict," "due to receive," "likely," "in the event" or similar expressions contained herein are intended to identify such forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties. We caution readers that actual results and outcomes could differ materially from those expressed in or anticipated by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are only as of the date of this Annual Report. In addition to the associated risks and uncertainties identified in this Annual Report as well as other information contained herein, each of the following risk factors should be considered in evaluating our business and prospects. The following risk factors are not listed in any order of importance or priority:

Our Technologies May Not Be Adopted By the Market or Widely Deployed.

We invest significant engineering resources in the development of advanced wireless technology and related products. These investments may not be recoverable or not result in meaningful revenue if products based on the technologies in which we invest are not widely deployed. Competing digital wireless technologies could reduce the opportunities for deployment of technologies we develop. If the technologies in which we invest are not adopted in the mainstream markets or in time periods we expect or we are unable to secure partner support for our technologies, our business, financial condition and operating results could be adversely affected. For example, our ability to capitalize on our investments in WCDMA and smart antenna solutions depends upon market interest in such technologies. There are emerging wireless technologies, such as WiMAX, that may compete with WCDMA. If deployments of such other technologies obtained significant market share, the market size for WCDMA products could be reduced. All of these competing technologies also could impair multi-vendor and operator support for WCDMA, key factors in defining opportunities in the wireless market. Similarly, changes or delays in the implementation of new wireless standards could limit our opportunities in the wireless market.



FORM 10-K

INTERDIGITAL COMMUNICATIONS CORP – IDCC

Filed: March 15, 2004 (period: December 31, 2003)

Annual report which provides a comprehensive overview of the company for the past year

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- Global pilot: The use of a common pilot channel to synchronize sub-channels in a multiple access environment
- Bandwidth allocation: Techniques including multi-channel and multi-code mechanisms
- Power control: Highly efficient schemes for controlling transmission power output of terminal and base station devices vital in a CDMA system
- Overlay techniques for communications systems, which allow new wireless systems to be deployed with existing wireless technologies without frequency allocation
- Joint detection and interference cancellation for reducing multiple access interference in a physical receiver
- Soft handover enhancement techniques between designated cells
- Various sub-channel access and coding techniques
- Packet data
- Fast handoff
- Geo-location for calculating the position of terminal users
- Multi-user detection (MUD)

Our reputation as an inventor and innovator positions us to influence the content and direction of wireless technology standards. Our competitive advantage is derived from the fact that we have intimate knowledge of the innovation together with intellectual property rights that may attach to such innovations. Our ability to influence the standards development process also helps to create a climate for the growth of business opportunities both by enhancing our image as a key innovator, and providing early intelligence on technologies.

To facilitate our position as a contributor to emerging wireless technologies, we are active in the Third Generation Partnership Project (3GPP), through our membership in the European Telecommunications Standards Institute (ETSI), and are also an active member of several SDOs and industry associations that influence and sponsor standards development including the ITU-R, the Telecommunications Industry Association (TIA), the Alliance for Telecommunications Industry Solutions (ATIS) Committee T1P1, the Institute of Electrical and Electronic Engineers (IEEE) Standards Association and the American National Standards Institute (ANSI). For 3G standards, we have submitted over 1,000 contributions to standards bodies worldwide and over 60% of those contributions have been adopted. We have made technical contributions into the IEEE 802 standards bodies and expect that effort to expand. We have also taken leadership positions in a number of these standards bodies. Company management and engineers either have served or are currently serving in a number of leadership positions in key industry standards bodies including past Chair of the IEEE 802.16a Task Group (Broadband Wireless Access, 2-11 GHz), current Chair of the IEEE 802.16e Task Group (Mobile Broadband Wireless Access, based on the 2-11 GHz IEEE 802.16a air interface); current Vice Chair of the 3GPP RAN Working Group 3 (WG3); Acting Chair of T1P1.4 Wireless Wideband Internet Access; past North American Rapporteur for ITU-R IMT-2000 Deployment Handbook; past Editor, 3GPP RAN WG1 Physical Layer Procedures (TDD)(R5) and past Editor and Rapporteur, 3GPP RAN WG4, TDD Base Station Classification. In addition to our participation in a number of standards bodies, we are also active in several technology forums that foster our business interests. For example, our Chief Technology Officer (CTO) chairs the Universal Mobile Telecommunications System (UMTS) Forum Task Force on TDD and Wireless LANs, and is the Chair, as well as a member of the Associate Member Interest Group (AMIG) of the GSM Association. Our Chief Operating Officer is the Vice-Chair of the Manufacturing Task Force for the UMTS Forum. A member of our CTO Office is the Co-chair of the GSM Association's Wireless LANs Task Force. Further, we are a Council Member (a senior level position held by a limited number of the world's leading wireless companies) of the TD-SCDMA Forum, and our Chief Strategic Standards Officer is an officer in the TDD Coalition, an industry consortium which promotes TDD airlink technology.

Based on our history of invention and our extensive participation in the standards bodies, together with extensive use of technology innovation across different standards, we believe that our patent portfolio, including patents applied for, is applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards bodies that we hold patents and patent applications that are essential for implementation of the present 3G standards specifications in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles of fairness, reasonableness and/or non-discrimination for each standards body. (See, "Business Activities, Patent and Technology Licensing".)

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within one year following a change of control, which is defined as the acquisition (including by mergers or consolidations, or by the issuance by InterDigital of its securities) by one or more persons in one transaction or a series of related transactions, of more than fifty percent (50%) of the voting power represented by the outstanding stock of InterDigital, the executive would generally receive two years of salary and the immediate vesting of all restricted stock and stock options.

Risk Factors

This Annual Report, including "Item I. Business" and "Item 7. Management's Discussion and Analysis", contains forward-looking statements reflecting, among other things, the Company's beliefs and expectations as to:

(i) the deployment, pace, and growth of the 3G market and the wireless data services market, and analyst and industry expert forecasts as to the market for wireless products and services and growth of certain technologies; (ii) the ability of operators to deliver 3G services in volume, the success of underlying 3G technology functionality and affordability being offered by manufacturers, and the successful introduction and reception of new services designed to use enhanced data capabilities; (iii) our current strategic objectives to (a) develop and deliver advanced wireless technologies and deepen and broaden our portfolio of intellectual property to address the evolving demands of the wireless market, (b) implement our technologies into a diversified portfolio of products to serve a broad range of customers in the global cellular and WLAN markets, (c) continue to expand our patent licensing program to wireless equipment producers worldwide, (d) maximize customer and partner value by combining our intellectual property rights and technology products into coordinated offerings, (e) continue to have substantial involvement and make substantial contributions to worldwide standards bodies, (f) acquire intellectual property, technologies and products to enhance the value of our current intellectual property portfolio, and (g) create relationships with leading technology developers and equipment producers to accelerate our time to market and extend our reach into new markets; (iv) our belief that a number of our inventions are essential to the 2G, 2.5G and 3G standards, and many will be commercially important to actual 2G, 2.5G, 3G, WLAN and smart antenna product offerings; (v) our plans to (a) continue field trials, testing and implementation support of the Company's and Infineon's FDD protocol stack product offering to Huawei, (b) expand our HSDPA solution into a product offering to semiconductor manufacturers and equipment producers, (c) devote modest Company resources to the stabilization of our TDD technology developed for Nokia, (d) establish cooperative field trials of our cellular smart antenna solution with mobile device manufacturers, (e) seek potential customers for our WLAN smart antenna technology among semiconductor manufacturers and equipment producers, (f) potentially extend the application of our SmartRRMSM solution into WLAN and cellular systems technologies, and (g) partner with leading universities and research centers to leverage new architectures and technologies for wireless systems into advancements in material sciences and advanced software applications; (vi) our future revenues, cash flow, short-term investment position, operating expenses, and capital expenditures, and the sources and timing thereof, and our near term operating requirements and lack of need to seek additional financing; (vii) our ability to monetize our investment in technology development primarily through patent licensing or sale of all or a portion of our technologies; (viii) our ability to enter into new customer, partner and licensing relationships, secure patent protection for our inventions, and develop, introduce and sell new products, technology and enhancements on a timely and consistent basis; (ix) our beliefs as to the royalty obligations of Nokia and Samsung under their respective patent license agreements with us and the timing of the respective arbitration proceedings; and (x) our ability to collect royalties under existing license agreements and settlement agreements and derive revenues from our patents. Words such as "expect", "will", "believe", "could", "would", "may", "anticipate", "our strategy", "future", "target", "trend", "seek to", "will continue", "outcome", "predict", "due to receive", "likely", "in the event" or similar expressions contained herein are intended to identify such forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties. We caution readers that actual results and outcomes could differ materially from those expressed in or anticipated by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are only as of the date of this Annual Report. In addition to the associated risks and uncertainties identified in this Annual Report as well as other information contained herein, each of the following risk factors should be considered in evaluating our business and prospects. The following risk factors are not listed in any order of importance or priority:

Our Technologies May Not Be Adopted By the Market or Widely Deployed.

We invest significant engineering resources in the development of advanced wireless technology and related products. These investments may not be recoverable or not result in meaningful revenue. To increase future revenues and our share of the 3G market, we are dependent upon the wide deployment of products based on the technologies in which we invest. Competing digital wireless technologies could reduce the opportunities for deployment of these technologies. For example, if the technologies in which we invest are not adopted in the mainstream markets or in time periods we expect or we are unable to secure partner support for our technologies, our business, financial condition and operating results could be adversely affected. Our ability to capitalize on our investments in TDD and smart antenna solutions, for example, depends upon market interest in such technologies. WLAN, which enables users to connect laptops and personal digital assistants to the Internet, is already being marketed worldwide and is competitive with TDD in a non-mobile, data-only environment. In addition, if the initial deployment of FDD for data applications obtains significant market share, or if FDD HSDPA gains market acceptance, the niche targeted for TDD could be reduced or eliminated. All of these competing technologies also could impair multi-vendor and operator support for TDD, key factors in defining opportunities in the wireless market.

Our Technology and Product Development Activities May Experience Delays.

We may experience technical, financial or other difficulties or delays related to the further development of our technologies and products. Delays may have adverse financial effects and may allow competitors with comparable technology and/or product offerings to gain a commercial advantage over us. There can be no assurance that our development efforts will ultimately be successful. Further, if such development efforts are not successful or delays are serious, strategic relationships could suffer and strategic partners could be hampered in their marketing efforts of products containing our technologies. As a result we could experience reduced revenues or we could miss critical market windows. Moreover, our technologies have not been fully tested in commercial use. It is possible that they may not perform as expected. In such case, our business, financial condition and operating results could be adversely affected and our ability to secure new customers and other business opportunities could be diminished.

The Markets for Our Technologies and Our Products May Fail to Materialize in the Manner We Expect.

We are positioning our current development projects for the evolving advanced wireless markets. Certain of these markets, in particular the 3G market and the market for smart antenna solutions, may continue to develop at a slower rate or pace than we expect and may be of a smaller size than we expect. Additionally, the development projects that target only the emerging 3G market do not have direct bearing on the 2.5G or any other market which has developed or might develop after the 2G market but prior to the development of the 3G market. For example, the potential exists for 3G market preemption or reduction in scope by the success of current or future 2.5G solutions and of WLAN. In addition, there could be fewer applications for our technology and products than



FORM 10-K

INTERDIGITAL COMMUNICATIONS CORP – IDCC

Filed: March 31, 2003 (period: December 31, 2002)

Annual report which provides a comprehensive overview of the company for the past year

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companies) of the TD-SCDMA Forum, and a member in the TDD Coalition, an industry consortium which promotes TDD airlink technology.

Based on our history of invention and our extensive participation in the standards bodies, together with extensive use of technology innovation across different standards, we believe that our patent portfolio, including patents applied for, is applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards bodies that we hold patents and patent applications that are essential for implementation of the present 3G standards specifications in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles for each standards body. (See, "Business Activities, Patent and Technology Licensing".)

Business ActivitiesTechnology and Product Development

Given the dominant global market position today of the GSM service providers, analysts expect that they will maintain a similarly strong market position in the next generation wireless environment. The GSM service providers in Europe that have selected a 3G air interface have selected WCDMA because its adoption offers them backward compatibility with existing infrastructure, thus allowing network phase-in, as well as the most sensible route to 3G services worldwide as a result of lower expected costs and faster time to market. We expect that WCDMA technology (as opposed to the other 3G specifications) will be the dominant technology in the 3G marketplace, once that marketplace is fully developed later this decade. We believe that our heritage of know-how and patented wireless inventions based upon both TDMA and CDMA differentiates us among current enabling 3G technology providers.

We are making significant investments in WCDMA technology development and expect to generate revenues through a combination of intellectual property licensing and product sales. Our current development programs focus on creating enabling inventions as well as hardware and software products for the WCDMA specifications of the 3G standard.

The principal current focus of our technology and product development activity involves the development of technology Platforms for the two modes of WCDMA: FDD and TDD. Our development activity for TDD-based products includes both the wideband form of TDD (WTDD) and the narrowband form of TDD (TD-SCDMA). Our focus on both specifications of WCDMA allows us to offer a complete WCDMA solution to manufacturers of wireless infrastructure and terminal equipment.

With respect to our FDD focus, for the past several years we have been engaged in the implementation of 3G FDD Protocol stacks for WCDMA products. Under our cooperative development and sales agreement with Infineon Technologies AG (Infineon) we have been jointly developing 3G Protocol stacks incorporating FDD technology for terminal unit applications. The 3G Protocol stack interfaces with existing GSM/GPRS hardware and software, and supports Infineon's 3G baseband processor, and is portable to other baseband processors. In the first quarter of 2003, we successfully publicly demonstrated the 3G Protocol stack's performance characteristics with critical features, including 384 kbps voice and video transmission capability, on a variety of different hardware Platforms. The Company is now offering its FDD Protocol stack solution for evaluation and sale to 3G terminal unit producers and semiconductor producers. InterDigital and Infineon expect to complete the full multi-mode 3G Protocol stack no later than the first quarter of 2004. Under the agreement, executed in March of 2001 with a duration of nine years from the first sale, if any, of the joint 3G Protocol stack, the parties each own the technology they develop and the parties have cross-

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William C. Miller joined InterDigital as Senior Vice President, Programs and Engineering in July 2000. Before joining InterDigital, Mr. Miller served as Vice President, Programs with Telephonics Corporation, an aircraft and mass transit communications systems corporation located in Farmingdale, New York, since 1993.

Lawrence F. Shay joined InterDigital as Vice President, General Counsel and Corporate Secretary in November 2001. Before joining InterDigital, Mr. Shay served as General Counsel and Corporate Secretary with U.S. Interactive, Inc., a multi-national publicly-held Internet professional services corporation, from June 1999 to June 2001, Executive Vice President from September 2000 until June 2001, and Senior Vice President from June 1999 until September 2000. US Interactive, Inc. filed a Chapter 11 bankruptcy petition in January 2001 and a reorganization plan was confirmed in September 2001. Prior to June 1999, Mr. Shay was a partner in the corporate group of Dilworth Paxson LLP, a major Philadelphia law firm, where he practiced law from 1985 until 1999.

Guy M. Hicks joined InterDigital as Vice President, Corporate Communications and Investor Relations in December 2001. Before joining InterDigital, Mr. Hicks served as Vice President, Corporate Communications with Structural Dynamics Research Corporation, Cincinnati, Ohio, an international enterprise development software corporation, from August 1999 until December 2001. Mr. Hicks previously served as Vice President, Corporate Communications with Epicor Software Corporation, an enterprise resource planning software company located in Irvine, California from April 1998 until August 1999. Mr. Hicks also served as Corporate Director, Executive Communications with Northrop Grumman Corporation, an aerospace company located in Los Angeles, California, from January 1996 until April 1998.

InterDigital's executive officers are elected to the offices set forth above to hold office until their successors are duly elected and have qualified. All of such persons are parties to agreements which provides for severance pay and continuation of designated benefits. Mr. Goldberg's agreement generally provides for the payment of severance of up to a maximum of eighteen months salary and up to a maximum of eighteen months continuation of medical and dental benefits. The other executives' agreements generally provide for the payment of severance up to a maximum of one year's salary and up to a maximum of one year's continuation of medical and dental benefits. In addition, with respect to all of these agreements, in the event of a termination or resignation within one year following a change of control, which is defined as the acquisition (including by mergers or consolidations, or by the issuance by InterDigital of its securities) by one or more persons in one transaction or a series of related transactions, of more than fifty percent (50%) of the voting power represented by the outstanding stock of InterDigital, the executive would generally receive two years of salary and the immediate vesting of all restricted stock and stock options.

Risk Factors

This Annual Report, including Item 1, "Business" and Item 7, "Management's Discussion and Analysis", contains forward-looking statements reflecting, among other things: (i) our current strategic objectives to (a) position the Company in the marketplace as a preferred provider of wireless communications technology and products, and to deliver advanced wireless technologies and products with superior performance capabilities and features to equipment and component manufacturers, (b) continue to invest in and develop wireless technologies and develop products for 2G, 2.5G, and 3G standards, (c) focus on continued development of standardized technologies and products while placing our technology and intellectual property rights into standards and a diverse array of advanced wireless products in the wireless markets, (d) capitalize on the value of our intellectual property through patent licensing, technology transfers, product sales, and by combining our licensing initiatives with product or service offerings (or a combination thereof) on a worldwide basis, (e) bring to market, with strategic partners or on our own, wireless solutions and products; (ii) our belief as to the impact of the Ericsson and Sony Ericsson license agreements on the royalty obligations of Nokia and Samsung; (iii) our beliefs and expectations as to future revenue, cash flow, and operating expenses, trends in the wireless industry, and performance of our licensees; (iv) our belief that 3G WCDMA technologies will be the dominant 3G technologies in the wireless market over the next decade; (v) analysts' and industry experts' beliefs and forecasts as to the market position of WCDMA technology in the next generation of wireless services, the market for wireless products and services, 2G, 2.5G and 3G market growth, and the nature and performance of wireless products and services; (vi) our beliefs and expectations as to 2G, 2.5G and 3G product and technological capability, the successful development and the applications for our technology and products, growth of the wireless market, product sales generally and of our licensees, demand for wireless products, timing of 2.5G and 3G market development, our competitors and competing technologies, the impact of our standards activities on revenues, and the applicability of our patents and patent applications to technologies in industry standards and to other technologies; (vii) manufacturers' intentions to bring 2.5G and 3G products and technologies to the market during 2003 and thereafter; and (viii) our ability to enter into new customer, partner, and licensing relationships, bring 2.5G and 3G products to market on a timely basis or at all, secure patent protection for our inventions, reuse WTTD in other technologies, create a return on our investment in the various technologies, collect royalties under existing license agreements and settlement agreements, and derive revenues from our patents. Words such as "expect", "anticipate", "attempt", "speculate", "believe", "should", "likely", "predict", "strategy", "objective", "pursuing", "goal", "intend", "could", "plan", "may", and "trends", and similar expressions and variations of such words, are intended to identify such forward-looking statements.

Although forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties. We caution readers that actual results and outcomes could differ materially from those expressed in or anticipated by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are only as of the date of this Annual Report. Each of the following factors as well as other information in this Annual Report should be considered in evaluating our business and prospects.



FORM 10-K405

INTERDIGITAL COMMUNICATIONS CORP – IDCC

Filed: March 29, 2002 (period: December 31, 2001)

Annual report. The Regulation S-K Item 405 box on the cover page is checked

Based on our history of invention and our extensive participation in the standards bodies, together with extensive cross use of technology innovation across different standards, we believe we that our patent portfolio (including patents applied for) is applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards setting bodies that we hold patents and patent applications that are either essential or commercially important for implementation of the present 3G standards specifications in products, and have, in conjunction with such indication, declared that our patented inventions will be available for license under the general principles for each standards body. (See, "-Business Activities, Patent and Technology Licensing".)

Business Activities

Core Technology and Product Development

Our current technology development programs are focused on creating intellectual property and hardware and software products for the WCDMA specifications of the 3G standard. We have focused on this market segment because we expect that WCDMA technology (as opposed to the other 3G specifications) will be the dominant technology in the 3G marketplace. Of the GSM service providers in Europe that have selected a 3G air interface, all have selected WCDMA because its adoption offers them the most sensible route to 3G services worldwide as a result of lower expected costs and faster time to market. Given the dominant global market position today of the GSM service providers, analysts expect that they will maintain a similarly strong market position in the next generation wireless environment. We believe technology providers or enablers such as InterDigital which are serving this market by transferring or licensing their technology to companies producing silicon, software or products, will benefit from a leading market position for WCDMA. We believe that our heritage of know-how and patented wireless inventions based upon both TDMA and CDMA differentiates us among current enabling 3G technology providers.

The principal focus of our business activity involves the development of technology platforms for the two modes of WCDMA: FDD and TDD. We are making significant investments in both technologies and expect to monetize our investment through a combination of intellectual property licensing and product sales. While global market demand for FDD-related licensing and products is growing in tandem with the emerging market demand for 3G generally, market demand for TDD-related licensing and products is trailing FDD emergence in accordance with our initial expectations.

With respect to our FDD focus, for the past several years we have been engaged in a research and development effort to develop FDD protocol stacks for WCDMA products. FDD technology supports two-way radio communication using paired radio frequencies. In the FDD format, one frequency supports transmission from a base station to a mobile terminal (downlink) while the other frequency supports transmission in the reverse (uplink) direction. Because of the paired frequencies, simultaneous communication in both directions is possible. Both frequencies typically have the same capacity. This technique is useful for high volume mobile voice traffic and is the traditional public mobile radio spectrum allocation. FDD technology provides high-quality voice transmission and can support high-speed wireless Internet access and multimedia imaging, but it is inefficient in these unbalanced traffic applications.

In March 2001, we entered into a broad, long-term cooperative relationship with Infineon Technologies AG (Infineon) involving the development of FDD (Layer 2/3) software (Joint 3G Protocol Stack) for use with Infineon's terminal unit 3G system-on-a-chip integrated circuits (ICs). Each party will own the technology it develops under the co-development agreement. The agreement provides for us to be compensated on a per unit royalty basis on sales of Infineon standard ICs containing the Joint 3G Protocol Stack. The agreement also provides that we will serve as Infineon's sole source of certain portions of the FDD Access Stratum in its 3G terminal unit ICs except where Infineon customers require use of their own or a third party's protocol stack. If we commence a FDD Access Stratum development effort with another semiconductor company for terminal unit applications, Infineon may engage a third party for the development or modification of a new FDD Access Stratum. The agreement provides for joint marketing of the Joint 3G Protocol Stack in terminal unit applications, as mutually agreed, subject to certain time-to-market restrictions as regards each new software version. Each party is permitted to independently market and use their own respective portions of the Joint 3G Protocol Stack without restriction. Infineon has committed to cooperate in enabling us to design custom 3G ASICs based on an Infineon platform for both infrastructure and selected terminal unit applications where Infineon would serve as the foundry. Infineon is permitted to sell our custom ASICs within its portfolio of products and to re-use our reference design in non-competitive products. We are permitted to market Infineon's custom ICs which are not a part of the co-development agreement and would receive a commission fixed at then current standard rates. Under the agreement, the parties have cross-licensed to each other a limited set of patents, in our case, generally applicable to the jointly developed software and related products for specified purposes. The parties have also agreed to a framework for determining royalties in other 2G and 3G products.

Risk Factors

Item 1, "Business" and Item 7, "Management's Discussion and Analysis" contained within this Annual Report on Form 10-K contain forward-looking statements reflecting, among other things, (i) our current strategic objectives to (a) position ourselves in the marketplace as a preferred provider of wireless communications products, (b) invest in and develop 3G wireless technologies and develop 3G products, (c) focus on standardized technologies and products while placing our technology and intellectual property rights into 3G standards and products, (d) capitalize on the value of our intellectual property through patent licensing, product sales and a combination thereof, (e) bring to market, with strategic partners or on our own, 3G solutions and products; (ii) analysts' and experts' beliefs and forecasts as to the market for wireless products and services, 3G market growth, the nature and performance of 3G products and services, (iii) our current beliefs and expectations as to 3G product and technological capability, the successful development and the applications for our technology and potential products, growth in the 3G market growth, product sales, demand for 3G products, timing of 3G market development, our competition, the impact of our standards activities on revenues, the applicability of our patents to various standards, and expected levels of revenues, cash flow and operating expenses; (iv) manufacturers' intentions to bring 3G products to the market during 2002; and (v) our ability to enter into new customer and partner relationships, enter into new licenses, bring 3G products to market on a timely basis or at all, secure patent protection for our inventions, reuse WTDD in other technologies, create a return on our investment in 3G technologies, collect royalties under existing license agreements, and derive revenues from our patents. Words such as "expect", "anticipate", "speculate", "believe", "should", "likely", "predict", "strategy", "objective", "pursuing", "goal", "intend", "could", "plan", "may", and "trends", variations of such words, and words with similar meaning or connotations are intended to identify such forward-looking statements.

Such statements are subject to risks and uncertainties. We caution readers that important factors in some cases have affected and, in the future could materially affect, actual results and cause actual results to differ materially from the results expressed in any such forward-looking statements. You should not place undue reliance on these forward-looking statements which apply on or as of the date of this report. Certain of these risks and uncertainties are described in greater detail below. It should be noted that risks described as affecting one forward-looking statement may affect other forward-looking statements. In addition, other factors may exist that are not detailed below or that are not fully known to us at this time. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Our Technologies May Not Be Widely Deployed.

Our activities are focused on next-generation technologies and products and therefore begin as research and development work. Accordingly, we are subject to the risks typically associated with such activities. New technological innovations generally require a substantial investment before they are commercially viable, and we may make substantial, non-recoverable investments in new technologies that may not result in meaningful revenues. For example, in order to generate revenues and profits from sales of 3G products, we must continue to make substantial investments and technological innovations. A significant assumption in our strategic plan is that WCDMA will be widely deployed in the 3G market. WCDMA may not be deployed as widely as we expect which could reduce revenue opportunities. A second significant assumption in our strategic plan is that TDD will be adopted and widely used in the 3G market. While our inventions and know-how can apply across a broad range of technologies, our detailed technology and development efforts are primarily focused on WTDD and FDD. Other digital wireless technologies, particularly CDMA2000, Wireless LAN (W-LAN), FDD used in data applications, FDD high speed downlink, and NTDD are expected to be competitive with WTDD. CDMA2000 has been deployed in parts of Asia and the United States, and such deployment could cause CDMA2000 to gain significant market share and reduce the opportunities for WCDMA. W-LAN, which enables users to connect laptops and PDAs to the Internet, is already being marketed worldwide and is competitive with TDD. If the initial deployment of FDD for data applications obtains significant market share, or if FDD high speed downlink gains market acceptance, the niche targeted for WTDD could be reduced or eliminated. All of these competing technologies also could impair multi-vendor and operator support for WTDD, key factors in defining opportunities in the wireless market. There can be no assurance that our technology will ultimately have market relevance or be selected by wireless service providers for their networks or equipment manufacturers. If we determine that WTDD will not be adopted at all or in a time period we expect, or adopted in a manner which justifies our continuing investment in the technology, we may change our strategic plan to reduce or eliminate such continuing investment and/or to capture more lucrative market opportunities. Additionally, if WTDD is not adopted and widely used, our strategic plan will require a significant shift and a portion of our anticipated revenue may be impaired.



FORM 10-K405

INTERDIGITAL COMMUNICATIONS CORP – IDCC

Filed: April 02, 2001 (period: December 31, 2000)

Annual report. The Regulation S-K Item 405 box on the cover page is checked

As with our TDMA inventions, we have patented our CDMA inventions and today hold a significant worldwide portfolio of patents and patent applications for CDMA technology. Our key CDMA inventions, many of which are applicable to multiple implementations of CDMA including TDD, FDD and Multi-carrier CDMA (CDMA 2000), include among others or relate to:

- Global Pilot: The use of a common pilot channel to synchronize sub-channels in a multiple access environment.
- Bandwidth Allocation: Techniques including multi-channel and multi-code mechanisms.
- Power Control: Highly efficient schemes for controlling transmission power output of terminal and base station devices vital in a CDMA system.
- Overlay techniques for communication systems, which allow new wireless systems to be deployed with existing wireless technologies without frequency reallocation.
- Joint detection and interference cancellation for reducing multiple access interference in a physical receiver.
- Soft Handover enhancement techniques between designated cells.
- Various sub-channel access and coding techniques.
- Packet Data.
- Fast handoff.
- Geo-location for calculating the position of terminal users.

We believe that certain of our inventions are essential to the implementation of the 2G IS-95 systems. (See, "Business Activities, Patent and Technology Licensing".) We also believe that a number of our inventions are essential to the implementation of the 3G standard, referred to as IMT-2000, approved by the International Telecommunications Union Radio Sector (ITU-R). The ITU-R approved the new standard for IMT-2000 (3G) wireless networks to enable global roaming for mobile users and compatibility with the dominant existing wireless standards. IMT-2000 defines five sets of alternative specifications for the digital mobile radios which can be selected or aggregated by equipment manufacturers to produce standards-compliant third generation wireless products for their customers. The five specifications under the standard include three forms of CDMA technology: Time Division Duplex (TDD) and Frequency Division Duplex (FDD), forms of wideband CDMA, and CDMA 2000. The standard also includes two forms of TDMA technology: Digital Enhanced Cordless Telephone (DECT) and UMC-136, an evolved form of the U.S. TIA/EIA-136 digital cellular TDMA standard. Products built to one or more of these specifications are being designed to deliver a varying range of high bandwidth wireless services, including high speed Internet access, multimedia communications, video conferencing, and other forms of data transmission. InterDigital has made more than 300 contributions to the various 3G standards bodies as the standard has been formulated and expects to continue to do so as the standard is refined.

We believe that our patent portfolio is, or when applications result in granted patents, will be applicable to all of the air interface protocols described in the IMT-2000 standard. We have indicated to the appropriate standards setting bodies that we hold patents and patent applications that are either essential or commercially important for implementation of the present 3G standards specifications into products.

Our current technology development programs are focused on creating hardware and software products for the wideband CDMA protocols of the 3G standard. We have focused on this market segment because we expect that wideband CDMA technology (as opposed to the other 3G protocols) will be the dominant technology in the 3G marketplace. The large majority of GSM service providers, along with TDMA and some IS-95 service providers, have selected wideband CDMA as their 3G air interface protocol because its adoption offers them the most attractive route to 3G services worldwide. Given the dominant global market position today of the GSM service providers, analysts expect that they will maintain a dominant market position in the next generation market. Technology providers or enablers such as InterDigital serving this market by transferring their technology to companies producing silicon, software or final products could benefit from a leading market position for wideband CDMA. We believe that our heritage of know-how and patented wireless inventions based upon both TDMA and CDMA air interface protocols differentiates us among enabling 3G technology providers.

Risk Factors

Item 1, "Business" and Item 7, "Management's Discussion and Analysis" contained within this Annual Report on Form 10-K contain forward-looking statements reflecting, among other things, (i) our current intentions and plans (a) to position ourselves in the marketplace as an end-to-end "technology enabler" offering a broad portfolio of products, (b) to capitalize on the value of our intellectual property through patent licensing, technology and know-how transfer and specialized engineering services, (c) to bring to market, with strategic partners or on our own, 3G products to enable the delivery of high quality voice and high data rate services in mobile terminals and base stations, and (d) to dedicate a portion of our engineering resources to incubate extensions of our current technology, derivative products and new technologies; (ii) analysts', industry observers' and experts' beliefs and forecasts as to the market for wireless products and services, 3G market growth, and the timing of market development; (iii) our current beliefs and expectations as to 3G product and technological capability, the successful development and the applications for our technology and potential products, 3G markets, demand for 3G products, timing of 3G market development, applicability of standards, preferences of service providers, our competition and competitive advantages, and growth in revenues and operating expenses; and (iv) our ability to enter into new business relationships, enter into new licenses, bring 3G products to market on a timely basis or at all, deliver engineering services, hire additional personnel, and derive revenues from our patents. Words such as "should", "likely to", "expect", "forecast", "believe", "strategy", "intend", "plan", "targeting", "anticipate", "project", and "may seek", variations of such words, and words with similar meaning or connotations are intended to identify such forward-looking statements.

Such statements are subject to risks and uncertainties. We caution readers that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such forward looking statement. You should not place undue reliance on these forward-looking statements, which apply on or as of the date of this report. Certain of these risks and uncertainties are described in greater detail below. It should be noted that risks described as affecting one forward looking statement may affect other forward looking statements. In addition, other factors may exist that are not detailed below or that are not fully known to us at this time. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Our Strategy as it Relates to our Position in 3G is in the Early Stages of Implementation and, as such, is Based on Numerous Assumptions



FORM 10-K

INTERDIGITAL COMMUNICATIONS CORP – IDCC

Filed: March 29, 2000 (period: December 31, 1999)

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deliver a varying range of high bandwidth wireless services, including high speed Internet access, multimedia communications, video conferencing, and other forms of data transmission. We made numerous contributions to the 3G standards bodies as the standard was being formulated and expect to continue to do so as the standard is refined. Many of our contributions are included as part of the standard adopted by the ITU study group.

We believe that our patent portfolio is applicable to all of the air interface protocols described in the standard, and we have indicated to the standard setting bodies that we hold patents and patent applications that are either essential or commercially important for 3G products built to present standards specifications.

Our current technology development programs are focused on creating solutions (including ASICs) for the wideband CDMA protocols of the 3G standard. We have focused on this market segment, in part, based on industry analysts' expectations that wideband CDMA technology (as opposed to the other 3G protocols) will serve the largest number of wireless subscribers as the 3G market grows. For many GSM service providers, wideband CDMA is likely to be the preferred 3G air interface protocol because its adoption offers them the least expensive and fastest route to 3G services. Given the dominant global market position today of the GSM service providers, analysts expect that they will maintain a dominant market position in the next generation market. Technology providers serving this market could benefit from a leading market position for wideband CDMA. We believe that our heritage of know-how and patented wireless inventions based upon both TDMA and CDMA air interface protocols presents us with attractive opportunities to provide technology in the 3G market.

Strategy

Our strategic objective is to create long-term growth as one of the leading developers of advanced air interface and full system-on-a-chip technology for the wireless communications industry. To achieve this objective, we are actively participating in worldwide 3G markets, with the following focus:

- **Emphasizing Core Technology Development and System Design Capability.** We possess longstanding core competencies in digital air interface design and the development of full system solutions for wireless products. By building on these strengths, we can give our customers the full advantage of the depth of our engineering know-how and long heritage of wireless inventions that enhance the effectiveness of end products.
- **Building a Base of Strategic Relationships.** To secure our position in the 3G market and define our growth opportunities, we intend to establish a network of customer/partner relationships to complement our strengths and enhance our ability to create value in a broader market. We seek partners that bring complementary technologies, production capability and market access. A key ingredient in the strategic plan is to work in partnership with a semiconductor producer to bring a number of standards-compliant 3G ASICs to market.
- **Leveraging Technology and Intellectual Property Rights into 3G Standards and Products.** We have been a leader in developing and promoting key industry standards starting with 2G in the 1980s as well as the recently proposed 3G standard. We believe this strategy enables us to promote the adoption of our technology into new standards-based products, providing our customers time to market and other advantages.
- **Licensing Intellectual Property Worldwide.** Our substantial portfolio of patented TDMA and CDMA inventions is a unique asset. Access to these inventions, and the technological know-how they represent, through licensing agreements has proven valuable to producers of wireless devices who provide advanced services around the world. By continuing to build our licensing program, we believe that we can capture substantial value in the future.
- **Providing Specialized Engineering Services.** We intend to selectively enter into agreements to develop technology for leading companies and offer integration technology and implementation assistance. Our goals

Risk Factors

Item 1, "Business" and Item 7, "Management's Discussion and Analysis" contained within this Annual Report on Form 10-K contain forward-looking statements reflecting, among other things, (i) our strategic objectives; (ii) analysts', industry observers' and experts' beliefs and forecasts as to the market for wireless products and services, 3G market growth, and the timing of market development; and (iii) our current beliefs and expectations as to 3G product and technological capability, the successful development and the applications for our technology and potential products, 3G markets, demand for 3G products, timing of 3G market development, applicability of standards, preferences of service providers, our ability to enter into new business relationships, enter into new licenses, bring 3G products to market, and deliver engineering services, our ability to derive revenues from our patents, our competition and competitive advantages, and the effectiveness of our Year 2000 compliance. Words such as "should", "likely to", "expect", "forecast", "believe", "strategy", "intend", "plan", "targeting", "anticipate", "project", and "may seek", variations of such words, and words with similar meaning or connotations are intended to identify such forward-looking statements.

Such statements are subject to risks and uncertainties. We caution readers that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such forward looking statement. You should not place undue reliance on these forward-looking statements, which apply on or as of the date of this report. Certain of these risks and uncertainties are described in greater detail below. It should be noted that risks described as affecting one forward looking statement may affect other forward looking statements. In addition, other factors may exist that are not detailed below or that are not fully known to us at this time. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Our Strategy Is Forward-Looking in Nature

Our strategy is forward-looking in nature and, as such, is inherently subject to risks and uncertainties. Many factors, including the other Risk Factors detailed below, could affect our potential revenues and profitability and our ability to achieve our objective to become a premier provider of innovative technology for advanced wireless communications products. For example, our plans to place our strategic emphasis on 3G technology and products, to devote substantial resources to the development of TDD and FDD technology, to market our FDD and TDD components (including system-on-a-chip), our capabilities and technology content, and generate sufficient revenues from associated engineering services could be affected by shifts in our strategy, the ability to generate sufficient revenues to support our development activities (which could itself be affected by numerous factors including, without limitation, the ability to secure new and enforce existing license agreements and the ability to enter into new strategic relationships), unanticipated development costs, difficulties or delays in engineering projects, failure to successfully enter into additional strategic relationships, our ability to successfully and timely complete engineering projects, our ability and the ability of our partners to successfully market and sell 3G products, our ability to hire or retain adequate personnel, Nokia's exercise of its rights to terminate the development project for convenience, and the failure of the 3G market to materialize in the manner or time frame anticipated.

Analyst and Market Predictions are Forward-Looking in Nature

Our market predictions, as well as, analyst, industry observer and expert predictions described in "Wireless Telecommunications Industry Overview" above, are forward looking in nature and, as such, are inherently subject to risks and uncertainties. Many factors could affect these predictions including, but not limited to, the validity of their and our assumptions, economic conditions, customer buying patterns, timeliness of equipment development, pricing of 3G products, continued growth in telecommunications services that would be delivered on 3G devices, and availability of capital for infrastructure improvements. Also, the 3G market may not develop at the rate or the pace that we or they predict.

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Since our inception, InterDigital has employed an aggressive program of developing and protecting our intellectual property, with the ultimate objective of realizing licensing revenues from use by third parties of inventions covered by our patent portfolio. Since 1992, we have generated over \$500 million in patent royalty and technology licensing payments.

InterDigital believes that, in many instances, licenses for certain of our patents are required for third parties to manufacture and sell digital cellular products in compliance with TDMA and CDMA-based standards currently in use worldwide. Accordingly, we offer non-exclusive, royalty bearing patent licenses to telecommunications manufacturers worldwide that manufacture, use or sell, equipment utilizing our extensive portfolio of essential or commercially important intellectual property, including patents relating specifically to digital wireless radiotelephony technology, Time Division Multiple Access (TDMA) and Code Division Multiple Access (CDMA).

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InterDigital has been a leading developer of wireless technology and product platforms for more than 30 years- partnering with the largest companies in the world.

Recognized as a pioneer of advanced wireless modem solutions, many of our inventions have helped shape today's booming wireless industry.

Today, our inventions and technology are embedded in every 2G, 2.5G and 3G device. An active contributor to standard bodies, we participate with other industry leaders in defining the evolution of 3G.

InterDigital's comprehensive 3G solutions include advanced WCDMA, HSDPA, and HSUPA modems, protocol software and baseband products for 3G semiconductor and mobile device manufacturers.

Many of our patented inventions are licensed by the manufacturers of the leading brands of mobile devices around the world.

Our financial strength, growing revenue base, and strong balance sheet support continued investment in research and development- shaping, and "future-proofing" the next generation of wireless technology and products.

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7/31/2003 - InterDigital Acquires Assets of Tantivy Communications, Inc.; Company Strengthens Existing Market Position in CDMA2000, Smart Antenna and Wireless LAN Technologies

KING OF PRUSSIA, Pa.--(BUSINESS WIRE)--July 31, 2003--InterDigital Communications Corporation (Nasdaq:IDCC), a leading architect, designer and provider of wireless technology and product platforms, today announced that a wholly-owned subsidiary has acquired substantially all the assets of Tantivy Communications, Inc. (Tantivy), a developer of wireless data communications technology. Included in the acquisition are patents, patent applications, know-how, state-of-the art laboratory facilities, and other technologies related to CDMA2000, smart antenna, wireless LAN and other wireless communications technologies. Also included were the rights created under a November 2002 transaction whereby another InterDigital wholly-owned subsidiary acquired exclusive licensing rights to certain CDMA2000 patents and patent applications held by Tantivy.

Under the terms of the agreement, Tantivy was paid a total of \$11.5 million, consisting of approximately \$10 million in cash and cancellation of approximately \$1.5 million in outstanding principal and interest from a loan previously provided to Tantivy. In addition, Tantivy will receive a minimal percentage of the compensation received by InterDigital on the licensing or sale of Tantivy smart antenna and 802.11 intellectual property.

"Acquiring the assets of Tantivy Communications further strengthens our existing CDMA2000 patent portfolio and competitive position in that marketplace, while broadening our offering to potential licensees and technology partners," said Howard Goldberg, President and CEO of InterDigital. "It also effectively eliminates the earn-out obligation we had to Tantivy in connection with the exclusive license we entered into with them in 2002 regarding the CDMA2000-related patents. With this transaction we are continuing the evolution of our patent licensing business and creating the opportunity for additional revenues. We also have added several key technologies that reach across multiple product platforms and wireless generations, thereby expanding our technology portfolio consistent with our strategic objectives."

"We welcome the talented people of Tantivy to InterDigital. They bring strong, complementary skills and expertise to our engineering teams. At the same, we are establishing a new development center in Melbourne, Florida, a very attractive and growing area for telecommunications technologies. We look forward to working with our new colleagues in extending the global reach and impact of their activities, and expanded access to their inventions, in CDMA2000, smart antenna and wireless LAN technologies," concluded Mr. Goldberg.

About InterDigital

InterDigital architects, designs and provides advanced wireless technologies and products that drive voice and data communications. The Company offers technology and product solutions for mainstream wireless applications that deliver cost and time-to-market advantages for its customers. InterDigital has a strong portfolio of patented technologies covering 2G, 2.5G and 3G standards, which it licenses worldwide. For more information, please visit InterDigital's web site: www.interdigital.com.

This press release contains forward-looking statements regarding our ability to create additional licensing revenues from and the key nature of the Tantivy patents and technologies acquired. Forward-looking statements are subject to risks and uncertainties and actual outcomes could differ materially from those expressed in such forward-looking statements due to a variety of factors including, but not limited to, (i) the market relevance of such acquired technologies, changes in technology preferences of strategic partners, and the availability or development of substitute technologies or competition from competitive technologies; (ii) the

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implementation of design-arounds to the acquired Tantivy patents; (iii) differing interpretations of and changes to standards; (iv) our ability to successfully market and license the CDMA2000, smart antenna, and wireless LAN patents and technology acquired; (v) the performance of our licensees in selling their products; (vi) our ability to adequately enforce and protect our patents and intellectual property rights as well as developments in current patent litigation matters; and (vii) other factors listed in our most recently filed Forms 10-K and 10-Q, respectively. We undertake no duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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InterDigital Shows Path to the Future of Wireless at 3GSM World Congress 2006; Fast Forward from GSM to HSDPA With Faster Data and Faster Time-to-Market

KING OF PRUSSIA, Pa.-(BUSINESS WIRE)—Feb. 6, 2006—InterDigital Communications Corporation (Nasdaq:IDCC) will demonstrate its leading edge portfolio of 2G and 3G protocol stack software, ASIC, and complete wireless modem products at the 3GSM World Congress 2006 in Barcelona, Spain, February 13-16 (Hall 1, Stand D122).

InterDigital supports the evolution of 3G technology through active participation in the standards bodies, invention of essential patented technologies, and development of advanced 3G product solutions. The company will demonstrate the following items:

- Complete WCDMA/HSDPA Modem: simultaneous high speed operation of voice, MMS, video streaming, file downloads, and Internet browsing using both packet and circuit switched modes.
- HSDPA ASIC: data speeds over 10Mbps delivering simultaneous video streams while dynamically adapting to changing channel conditions.
- HSDPA Baseband and Protocol Stack Software: improved latency and higher capacity in the uplink data channel showing the adaptive parameters of HSDPA.
- Dual-mode Protocol Stack Software: seamless handover between GSM/GPRS/EDGE and UMTS modes.

In addition, InterDigital's President and Chief Executive Officer, William J. Merritt, will participate in a panel discussion titled "How Do We Successfully Manage the Evolution of 3GPP Based Technologies?" The panel discussion at the 3GSM Conference is scheduled for Tuesday, February 14, 2006 from 17:40 to 18:15 CET.

To Schedule Meetings in Advance:

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About InterDigital

InterDigital Communications Corporation designs, develops and provides advanced wireless technologies and products that drive voice and data communications. InterDigital is a leading contributor to the global wireless standards and holds a strong portfolio of patented technologies which it licenses to manufacturers of 2G, 2.5G, 3G and 802 products worldwide. Additionally, the company offers baseband product solutions and protocol software for 3G multimode terminals and converged devices, delivering time-to-market, performance and cost benefits. The company's financial strength and solid revenue base contribute to the continued investment in innovation and development that will shape the next generation of wireless technology. For more information,



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InterDigital Signs High Tech Computer to Worldwide 2G And 3G Patent License Agreement

KING OF PRUSSIA, Pa., Dec 17, 2003 (BUSINESS WIRE) -- InterDigital Communications Corporation (Nasdaq:IDCC), a leading architect, designer and provider of wireless technology and product platforms, today announced that its subsidiary, InterDigital Technology Corporation (ITC), has signed a non-exclusive, worldwide, royalty-bearing patent license agreement with High Tech Computer Corp. (HTC) covering the sale of wireless terminal units and infrastructure built to Second Generation (2G and 2.5G) IS-136/GSM/GPRS/EDGE and Third Generation (3G) WCDMA/CDMA2000/TD-SCDMA standards. HTC is one of the world's largest original design manufacturers of Windows Mobile-based Pocket PC, Wireless Pocket PC, and Smartphone products.

"The signing of this agreement with HTC reflects the continuing, growing momentum of our global patent licensing program and strengthens our existing recurring royalty revenue base," said William Merritt, President of ITC. "This agreement expands our 3G licensee base, marks our progress in entering new geographical markets, and confirms our ability to license our patented inventions across multiple standards and a broad range of mobile wireless devices and manufacturers. It also affirms InterDigital's position as a recognized developer and contributor of essential wireless technologies."

About InterDigital

InterDigital architects, designs and provides advanced wireless technologies and products that drive voice and data communications. The Company offers technology and product solutions for mainstream wireless applications that deliver cost and time-to-market advantages for its customers. InterDigital has a strong portfolio of patented technologies covering 2G, 2.5G and 3G standards, which it licenses worldwide. For more information, please visit InterDigital's web site: www.interdigital.com. InterDigital is a registered trademark of InterDigital Communications Corporation. All other trademarks are the property of their respective owners.

This press release contains forward-looking statements regarding our current beliefs, plans and expectations as to the importance of our wireless technologies for the wireless market, our progress in entering new geographic markets, our momentum and ability to do global patent licensing, and our recurring royalties. Forward-looking statements are subject to risks and uncertainties and actual outcomes could differ materially from those expressed in any such forward-looking statement due to a variety of factors including, but not limited to, (i) our ability to enter into additional license agreements and our licensees' performance under licensee agreements; (ii) our ability to adequately prosecute, enforce and protect our patents and other intellectual property rights; and (iii) as well as other factors listed in the Company's most recently filed Form 10-K and Form 10-Q. We undertake no duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Subject: FW: Transcript of InterDigital Communications Corporation at Bear, Stearns & Co. Annual Technology Conference

AVIE SAUFER, TELECOM EQUIPMENT TEAM, BEAR STEARNS: Good afternoon everyone. My name is [Avie Safer]. I work on the telecom equipment team at Bear Stearns. With us today we have senior management. We have Chief Executive Officer, Bill Merritt of InterDigital as well as Janet Point of Investor Relations. As you probably know, InterDigital is one of the leading developers of cellular standards both in 2G and 3G and a very strong IP holder and patent holder in this area.

With that, I'll turn it over to Bill for his [brief] presentation and then some Q&A.

BILL MERRITT, CHIEF EXECUTIVE OFFICER, INTERDIGITAL COMMUNICATIONS CORP.: Thank you Avie, and good afternoon everyone. It's a pleasure to be here at the conference today. One quick message from our lawyers. Obviously, we're going to be talking about things that are forward-looking in nature and they're obviously subject to some risks, and we refer you to the appropriate SEC filings for a discussion of those risks.

Let me talk to you a little bit about who InterDigital is. Where we're going, and what we think its worth to everyone. InterDigital in a nutshell, what we do is we design 3G modems. The modem technology is basically a technology that moves the information over the air. That's basically the [ACIX] [and] the software. That's what we design.

We've been in it longer than anybody else. We got into a wideband CDMA back in 1993 and have been in that market ever since. We actually were a pioneer in that industry as well as being a pioneer within the TDMA and GSM technologies. So I'm going to talk to you a little bit about how we move from developing technology in the lab, and how we actually move that eventually onto our income statement.

Again, we are a 30 year veteran of wireless technologies. As a result of being a 30 year veteran of wireless technologies we have very, very deep patent portfolios covering all aspects of wireless technologies. Our inventions are actually used in every mobile phone used in the world today. The other thing that's unique about InterDigital is that, because we're in the market so early, we actually have developed a complete solution.

We couldn't just develop it internally. We actually had to develop base stations and everything else and deploy systems in the field. The result of that is we have a very strong systems base which gives us a very, very strong ability to develop excellent technology to [inaudible] we're focus today.

So we do a lot of work with technology development. What's the next step in the process for us? Well over the years, we've been very, very involved in standards development. We're involved in the development of the 2G standards in the United States, and we're involved in the development of the 3G standards worldwide. We actually consider this one of the more important parts in our process, because this is actually where we make the sale of technology to third parties. In the standard setting that we convince other players like Ericsson, Nokia, and other folks that our technology or our solutions should be used in favor of others.

We've been very successful therefore getting our solutions into the 3G standards, as well as getting our technology into 802 standards. As you all know, 802 now is developing from what was once sort of private island deployment, into more system-wide network deployment and the future 802 technologies

contain a very significant amount of InterDigital technology. And we continue to participate not only in 2G and 3G and 802 standards, but also with respect to 4G standards. These standards continue to evolve.

Participating in standards gives us two things. It gives us an IPR position within the standards, but equally important, gives us a perception in the market that we actually contributed to the success of the standard. And that perception is very, very important as we move into the next part of our process, which is to license our technologies to third parties. We license our patents on a worldwide basis. Been very successful with the patent licenses [coming] -- nearly 40 companies now manufacturers licensed under our patents. We've generated actually up to this point, almost 1.5 billion in cash off of our licensing programs. We've licensed most of the leading brands under our [patents].

The other part of our process in addition to licensing our patents is we sell technology. We provide complete 3G technology solutions. We have a number of customers today that take our ACIX solutions and/or our software solutions. We also find that the licensing technology is very synergistic with our patent licensing program, in the sense that we can put both together and create a very high value offering for our customers. So that's our process for moving from essentially the laboratory to monetizing [our] development expense to licensing and sale of 3G solutions.

So how's it done for us over the years? It's actually worked very well. Since 2003, we've maintained over \$100 million in the bank, at the same time that we've been investing a substantial amount of money in technology development and repurchasing our own stock. By the end of 2005, we had repurchased approximately 100 million shares of stock at about -- \$100 million of stock about 6.7 million shares.

We've announced a \$200 million repurchase recently. It brings us to pull back in more shares. So we've maintained a very, very healthy cash balance. At the same time, we've made very, very substantial investments, both in our technologies and in our company. If you look at the right side, you see the revenue over that period of time for Q1 of 2005 to now steadily increasing. In Q1 of '05, we had about 35 or so million dollars in revenue. Q1 of '06, \$52 million in revenue.

So the company's revenue base -- also in 2006 we saw our contributors of revenue grow from approximately four or five companies that contributed about \$1 million a quarter in revenue to over 10 companies that contributed \$1 million a quarter. So the base began to grow [significantly]. So a very strong cash balance and very strong revenue stream.

Where does it come from? [So] all names you should know. Folks like Sharp, NET, Nokia, Sanyo. All are licensees under our patents and/or technologies. All provide us with revenue. So it's a very strong licensing pace. At this point, we have approximately 65% of the 2G markets under license, and about 35 to 40% of all terminal units or so for 3G, are licensed under our patent. So that's generally how we license and who we license to.

How we doing today? Well we recently resolved a dispute with Nokia \$253 million, that was paid in April. Earlier this year, we signed LG Electronics \$285 million contract for a five year license. We signed Panasonic a number of years ago. But recently we resolved with them one of the issues under that contract was, [the] conditions for payment under that contract was an acceptance by Panasonic that they did in fact use our patents. And this year they agreed that they are using our patents, and they now are sending us royalties on a regular basis.

First quarter this year as I mentioned before, strongest quarter in the company's history. Revenue up 45% from the prior quarter. EPS up very significantly from the comparable quarter in Q1 up from a \$0.23 loss to \$12.9 million gain. And as I said before, we also now authorized repurchase of 200 million shares - \$200 million worth of shares.

What's driving our success today? That licensing program \$600 million in deals in the last nine months. Again, we've resolved Nokia. We resolved LG - licensed LG. We resolved our issues with Panasonic, and we also signed Nokia there and a number of other companies under our patents. We have 35 to 40% of that market covered today by licensed patents. In the past year, we signed five new 3G patent license [program]. And as I said, the program to date has now generated a \$1.5 billion. So it's a very, very strong well known patent licensing program.

What's the other side of the story for InterDigital? It's the products progress. Those are now being brought up to complement the patent licensing program. And today we have in place license agreements or IP license agreements with a number of key players. [Inaudible] Semiconductor license our HSDPA ACIX design. A little bit on that design. It is actually the highest speed design operating in the market today 14.4 megabits per second, versus the comparable design from other folks at about 3.6 megabits per second.

General Dynamics licensed a complete terminal unit technology package from us both the software and hardware. And Infineon has licensed both our WCDMA protocol stacks and our HADPA protocol [stacks]. Where the company is going with respect to this product programs, is to bring to the market by the end of the year, a substantially complete dual mode 2G/3G ACIX for [licensing]. That means both the GSM component, the WCDMA component, as well as with respect to 3G, HSUPA capability.

Back at the Barcelona Trade Show this year in February, we were one of the very few companies demonstrating high speed uplink capabilities, consistent with what InterDigital has done over its life with respect to technology development. Because we have been in this market longer than anybody else, we tend to be ahead of everybody else on our technology development. And we're one of the few people in Barcelona actually demonstrating HSUPA capability. So we have very strong patent licensing program and growing strength with respect to our product programs.

So where do we take it? Well our target is to have 100% coverage with respect to licensing on 3G mobile turnover devices. As I said we have 35 to 40% to date. If you look at what that means. There are going to be one billion phones shipped in 2008, and by 2010, 60% of those phones or a very large portion or more than 50%, will be 3G. Our goal is to secure revenue on every device sold.

So what does that mean? Today, we receive somewhere north of \$2 per unit on an average, with respect to WCDMA terminal use. And [as] I said, we have 35 to 40% of the market [covered]. So we will do two things. We'll use our patent position to drive our coverage in the market. Patent position gives us entitlement to cover 100% of the market. We will then use the patents as well - our product position to drive the amount of money which we receive on each unit.

So if we use 2010 as an example, if we can get an average of \$1.50 per unit which is lower than where we are today, and we can get that on 75% of the market that means our annual revenue will be about \$800 million a year. Several things about that. One, we can generate that revenue without any significant growth in the company. Today we have a very strong patent licensing program and products programs, and those programs will largely be the same as we go after this revenue. Certainly there will be some growth, but we don't need to grow the company substantially to get there.

And second with respect to the market coverage a 75% number as an example is actually consistent with where we ended up on 2G, and not that far stretched from where we are today with respect to licensing. And again, we have 35 to 40% of the market covered today. So we think that there's a tremendous opportunity for the company. We think we're positioned very well in what is the largest consumer market in the world [inaudible] And we're positioned with two very important components; patents and

technology, and I think together, those things can help drive a very significant amount of revenue for the company.

So with that, I can open up for questions.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Sure. The question is. Where we expect to be with respect to Nokia, Sony, Ericsson and Samsung on 3G license. One, we don't talk generally about the time tables of anyone, because obviously we can't predict when deals will get done. But a couple of factors. One, we are as you would expect to be, us to be very focused on licensing the top end of the business. The top six manufacturers is where a substantial amount of the value is.

With respect to Nokia, we have some litigation ongoing with Nokia which obviously establishes at least a timeframe in which things could get [tougher] as you would expect. Litigation tends to provide opportunities where people can sit down and talk and work things out. And whether that is how it goes with Nokia or not, there is certainly that other dynamic in place.

With respect to Samsung, Samsung is in the same position as Nokia in that they [had] a similar contract to Nokia. We are awaiting an arbitration decision with respect to the 2G royalties that are owed by Samsung. And then following up on that or in conjunction with that, there could also be 3G discussions with Samsung. So, we were very focused on that top end of the market is a high priority for the company.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Infineon has design wins with Panasonic, and they also have a design win with LG, but it's on 2G. But it certainly positions them for a upgrading that position to 3G. And I know they're in discussions with another focus with respect to a solution. And Infineon recently announced it will be coming up in the market this year when HSDPA solutions. So we would expect that would create some traction for Infineon in the market. [Phillips] is not - as we know had a current design win, but they also are just getting their 3G device into the market. Our design for them is an HSDPA design. They've had very good success in the past with folks like Samsung, so we would hope that that success will continue.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: With respect to Motorola certainly on 3G products they need to take a license under our patents, so they're one of those top six companies that we've been very focused on. The options for Motorola are like the options we have with other folks. It can be through straight up negotiations on the patents. It can be through a combination of patents and products or it could down another path. But certainly they are the company we need to deal with, with respect to licensing and we intend to [do it]. Any other questions?

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Sure. I think that the current environment where you do have a fair amount of litigations going on with respect to 3G patents. It's an environment that can have an affect on us. It can have an affect both in the positive and negative [direction]. Certainly from a positive perspective, as people get involved in litigations they tend not to want to get involved in lots of litigations. So if someone is very tied up with a number of other litigations they may be more likely or could be more likely to settle with another party.

So if we're one of the parties they want to deal with then that could be a positive thing for us. I think in a litigation environment, if that's where the world goes on 3G, which is a little bit different than where it was on 2G, there was not as much litigation on patent. InterDigital, while we use litigation very rarely, actually to get licensing [done], we've actually used it very effectively.

So I think in that type of environment, we've done equally well as we did in the prior environment where it was more of a negotiation phase. So I think it's certainly putting a focus on IPR. I think a focus on IPR is not a bad thing for us, but certainly it's also an environment where we can use that environment - use it appropriately so we can get things to work better for us.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: In China we actually have involvement in a couple of ways. Correct, Infineon is actually one of the companies that would be involved in China, because they are seeking customers in China as you would expect that they would. We also were very involved in China with respect to the TDS-CDMA standards, which is the 3G that's being developed into voice in China. We have very close connections with the Chinese government with respect to that.

So you would expect - we would expect over time, as that standard gets deployed - or products get deployed to that standard in China, that we would then go back into China and begin the licensing program. It was a little premature to do it up until now, because it was not clear when that standard would get rolled out and what volumes there would be and things like that. But I think that there's becoming a little bit greater clarity with respect to that market, so we would expect to be back in there.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Sure. Cingular has deployed UMTS and actually HSDPA capability in the U.S. and they do sell a number of dual mode devices. Their suppliers are folks like [Options], [Zero Wireless], [Novitell] and LG. And what Cingular is doing is obviously leveraging off a very, very high data rate capability within HSDPA. From our perspective, that's actually a very good alignment with where InterDigital has always been. We're always on the leading edge.

So leading edge companies like Cingular who like that leading edge technology and their vendors who supply to them become very good folks that we can talk to, with respect to supplying our solution to them. So, I think it's a good movement in the United States to have those systems being deployed and I think it's essentially an opportunity for us.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Good question. It actually does not come at the expense of anybody. As the nature of essential patent - we have essential patents [other] companies [may] -- and anybody that produces a 3G terminal U.S. device, needs to be licensed under all these essential patents. So from our perspective, every manufacturer who produces devices to that standards needs to license with us. They may also have a license with other people, but they have to license with us. And so today we have 35% of those devices that go out or sold, and they're licensed [to] us. And again, are targeted to get to [inaudible].

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: The 55% would come from signing up new folks. So signing someone like a Samsung or Nokia would begin to increase our share. It does not take away share from other people. It's not like

product sales, where only one person supplies the products. Here the patents are actually supplied by a number of different companies.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Off the top of my head I don't know. But I know for 2000 — and we have put out revenue guidance for the second quarter of 2006. That includes 230 some odd million dollars from Nokia, \$12 million in patent [infringement] from Panasonic, as well as 50 some odd million dollars in revenue. So the second quarter has some very high revenue numbers for us, but full year estimates, I don't know off the top of my head.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Panasonic's acknowledgement that they used our technology was tantamount to a [inaudible] statement that our patents are essential. So it's not that they were making some - doing some particular implementation that lead them into our patents. It was an acknowledgement by them that, yes InterDigital does hold essential patents [inaudible].

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Actually we were one of the first companies back in the mid '80s to file [inaudible]. We have some of the very early patent numbers that are [in China]. We did a lot of filing in China with respect to not only the WCDMA technology, but also TDS-CDMA technology. So we have very good patent position there in China.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Well, you don't always have to look at enforceability in China as a sort of - or look at that issue in a vacuum. As an example, manufacturers in China may export to other jurisdictions. So to the extent you don't feel as strong with respect to the enforceability patent in China, you have other places to go. When in fact, the Chinese patent systems - patent office does a very good job with respect to the patents. The patent system itself on paper is very good, and over time we hope that it will improve. As far as enforceability, there certainly have been some issues in the past, but certainly it's moving in the right direction.

A third thing and it goes back to one of the points that I made at the beginning. Patent licensing - there's two components to patent licensing. One is, having patents. The second is, having the right perception in the market. We work very, very hard with respect to development of TDD technology of which TDS-CDMA is [invariant]. Worked very hard with the Chinese government, with respect to [positioning] technology. So it's that perception at the end of the day that becomes very important as well.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Well actually [with] the standard bodies develop our technology for which they know - what they assure themselves is not that the patents will be - that they'll be free to use the patents. What they assure themselves is that the patent holders will offer a fair, reasonable and non-discriminatory terms. So in fact, if your patent is resident in a standard, that does not mean you won't get paid, it just means you have to offer - that you have to offer those patents for licensing. You can't hold it back as a proprietary [inaudible].

So I think from our standpoint, getting the technology into the standards, as I said is a very, very

important part of the sales process. We've been very effective at negotiating license agreements with a large number of folks, as I've said 40 some odd companies now have license under our patents. So, we don't have to really work that balance too much. I think with the patents and the standards we do just fine.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: We have license agreements with folks in Taiwan. So, we make a fair amount of money out of Taiwan. With respect to China, we have some products that are manufactured in China and then resold on [inaudible] royalties. But no domestic Chinese company in the People's Republic of China do we have as a current licensee of ours. Again, I think the focus there will be TDS-CDMA, where we've gotten a very good position, again both with respect to technology, but also the leg work we've done with the people on the ground in China.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: Absolutely. Part of the - it's the goal of the company and it is, is to get coverage on 100% of the terminals sold. China becomes an important market in doing that.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: That's a good question. And you're right, on an average basis Qualcomm gets a royalty that is higher than ours. The question for us has been, what's the right royalty for us to get to - one, build the business, grow the business and deal with it as a return business? Our view is, these patent license agreements are not a one time agreement that you go back to parties and renegotiate.

Our business model is one you have to go back again, and again, and again, as new technologies become [resonant] on those phones. So over the years and I ran the patent licensing program for a number of years, we sort of found that spot in the market that we thought made sense for us in the context of that type of program. And we've been very successful of being able to re-up the licenses. And in fact, many of the licenses we have today are the second or third generation of licenses. So whether we have the right rate or the wrong rate or too high a rate or too low a rate, I think - my experience has been [resurrect] the spot in the market for what we want [it in].

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: There's no sort of theoretical limit. I think that again, it depends upon where you're taking the business over time. And we again, think that where we are and where our licensing today makes a lot of sense. We've been able to do a lot of deals; 90 plus percent of our deals without any litigation. Certainly if you have litigation, it's a plus or minus game. If you take the patents into litigation, and you don't do well that can have a negative effect on the portfolio. Not to say that we're afraid of litigation. We're not at all.

So again, I think we've [inaudible] the right place in the markets, but if you go back to the slide before, certainly we do want to move it up the scale there over time. Whether we do that by just increasing the amount we charge for the patent or, whether we do it by adding product or technology or products or other things to improve the amount [inaudible] we'll see it over time. But certainly we do want to move it up. And I think we're pretty good at finding a place in the market, or at least a [price point] in the market that makes sense.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

BILL MERRITT: We've had - the portfolio is very large, and you're always going to have patents in the portfolio that will get challenged and you're going to win some and you're going to lose some. And this part of the licensing and patents [inaudible] for us. So we don't put a lot of value on anyone patent at anyone time. It's an entire portfolio of patents that has held up very well over time. But we've had some wins and losses and draws over time.

UNIDENTIFIED AUDIENCE MEMBER: [inaudible question-microphone inaccessible]

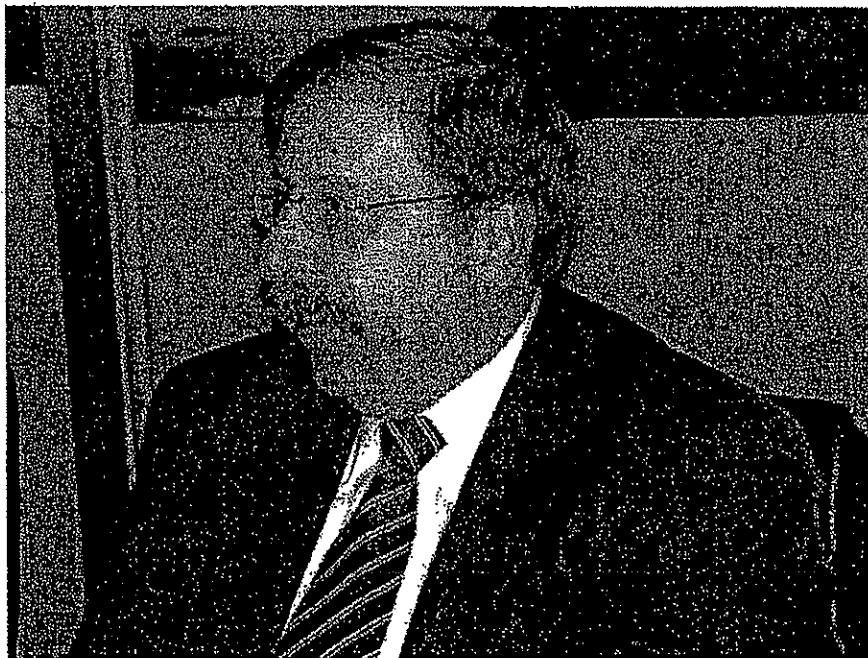
BILL MERRITT: Well Lucent took our license for CDMA 2000 for [it's] U.S. sales and paid \$14 million on that. Infrastructure is interesting, because -- while the infrastructure itself is a much larger device than the handset, there's actually a lot of other things in infrastructure this is not the link to the patent. So at the end of the day the royalty base is pretty small.

Lucent is also involved in WCDMA, as well as shipments of CDMA 2000 outside the United States. So certainly they're another company we would want to license with. The focus though for the company is primarily terminal use, and it's where they value it. It's not to say that the infrastructure part of the equation is one we're going to ignore, but if we're looking at where do we spend our energy, it's more on the terminal use side.

AVIE SAUFER: [Inaudible] and the breakout session is right down the hall. [Inaudible]

InterDigital, a significant power in TD-SCDMA industry

VIP Interview with InterDigital



InterDigital Communications Corporation (NASDAQ:IDCC) is a recognized pioneer in the design, development and delivery of advanced wireless communication platforms. InterDigital began developing its standards compliant TDD technology in late 1990s, and is now one of the board members of TD-SCDMA Forum. On July 25, 2005, Journalist (J) from TD-SCDMA Forum interviewed Mr. Donald M. Boles (B), Senior Vice President and Chief Patent Strategist of InterDigital.

J: What is the contribution of InterDigital to TD-SCDMA and 3G?

B: InterDigital has a rich heritage in developing advanced wireless technology solutions for 2G, 2.5G, 3G and 802 standards. With respect to InterDigital's innovation for 3G, we have a robust suite of air transport technologies including WCDMA FDD (Release 99/Release 4) TDD and HSDPA, the next generation of FDD. We believe a substantial amount of our TDD technology applies to other TDD technologies, such as TD-SCDMA. It's important to note that the company is an active participant in the worldwide standards bodies and has made many contributions to the 3G standards.

J: What are InterDigital's products and solutions?

B: InterDigital has an extensive portfolio of 2G, 2.5G, 3G and 802 technology solutions and intellectual property. Our technology solutions are comprised of patented inventions, software, reference designs, and know-how. InterDigital offers a complete WCDMA solution, offering FDD and TDD, HSDPA, and WLAN. The company provides baseband designs, protocol software, Adaptive Interference Management? Solutions, and engineering services.

J: Do you have any plan in LCR development?

B: We believe that much of our TDD technology development work applies to other TDD technologies, such as TD-SCDMA. The development of the LCR version of TDD will depend largely on the market potential for deployment.

J: What's your main IPR on TDD and 3G?

B: As a pioneer in 3G technologies, InterDigital has made a large number of inventions in both FDD and TDD. Furthermore, we continue to drive the evolution of 3G with innovations in HSDPA and HSUPA. As one would expect, InterDigital holds essential IPR in variations of 3G, including FDD, TDD and CDMA.

J: What is the proportion of your IPR in all the 3G IPR?

B: As a developer of CDMA technology since 1992, InterDigital has a robust portfolio of 3G IPR. Through our active participation in the worldwide 3G standard bodies and our innovative technology development efforts we have become a recognized provider of 3G technologies.

J: Besides air interface, what IPR in other area do you have?

B: It's important to note that with respect to IPR for air transport technologies, InterDigital has IPR throughout the various layers of the air transport - Layers 1 through 3. In addition to air transport technology IPR, InterDigital also has IPR for smart antenna and RF management technologies.

J: Do you have any partners in TD-SCDMA area?

B: At present, we do not have any partners in the TD-SCDMA area. As we continue to monitor the evolution of TD-SCDMA, we also continue to evaluate potential partnership opportunities.

J: What about InterDigital's IPR in other countries?

B: As the mobile industry has become global, InterDigital has been filing its patents in most major markets - in more than 100 countries -- around the world. In the 2G field, we have licensed about 70-75% of the market. In 3G, our list of licensees and customers continues to grow.

J: What is your future plan for TD-SCDMA development?

B: InterDigital continues to monitor the favorable developments of TD-SCDMA. Our further commitment depends largely on China's commitment in this field, and the potential migration of TD-SCDMA outside of China.

J: Where do you think TD-SCDMA will prosper outside China?

B: No one knows. If I have to guess, I think the potential for TD-SCDMA deployment outside of China is in developing markets, such as India, Pakistan, countries of the former Soviet Union, etc.

J: Do you have any traditional sense products? Where does your revenue come from? How much revenue does InterDigital get from its IPR?

B: InterDigital's products are in the form of technology solutions such as software, reference designs, specifications, algorithms and know-how. Our asset is our people and our product is our technology. InterDigital's annual revenue is more than 100 million US dollars. The majority of the company's revenues are currently generated through patent licensing. InterDigital also generates revenue from technology transfers and IP product sales.

J: What are your comments and suggestions on the TD-SCDMA Forum?

B: We believe the Forum has been active and professional. The Forum has done an excellent job in bringing together the regulators, the network operators, and the equipment vendors. We hope that we can continue to rely on the TD-SCDMA Forum as our main information source and contact for the Chinese market. We also believe that the Forum can play a key role in positioning Chinese manufacturers in the global market.

News Release

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Wireless technologies to move your ideas™

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FOR IMMEDIATE RELEASE

January 16, 2002

INTERDIGITAL AND NEC SIGN GLOBAL 3G PATENT LICENSE AGREEMENT AND SETTLE OUTSTANDING 2G PATENT LICENSING DISPUTE

King of Prussia, PA, January 16, 2002 . . . InterDigital Communications Corporation (NASDAQ: IDCC), a leading developer and enabler of advanced wireless technologies and product platforms, today announced that its subsidiary, InterDigital Technology Corporation (ITC), has entered into a royalty-bearing license agreement with NEC Corporation of Japan for sales of wireless products compliant with all Third Generation (3G) and narrowband CDMA standards. The Company concurrently reached an amicable settlement of its Second Generation (2G) patent licensing dispute with NEC in connection with a 1995 license agreement.

Under the 3G agreement, ITC will receive a royalty on each licensed product sold by NEC. The licensed products include infrastructure, terminal units, communication cards and other mobile devices compliant with Third Generation and narrowband CDMA standards. NEC will pay ITC an advance royalty of \$19.5 million. Once that advance is exhausted, NEC will be obligated to pay additional recurring royalties to ITC as it sells licensed products. In addition, NEC and ITC agreed to settle the outstanding 1995 2G TDMA license agreement dispute for the payment by NEC of \$53 million to ITC. The \$53 million is in addition to the royalty advance previously paid by NEC under the 1995 agreement. In exchange for those payments, NEC's royalty obligations for PHS and PDC products under the 1995 agreement will be considered paid up. Otherwise, the 1995 agreement will remain materially unaltered by the settlement. Currently, NEC has no further royalty payment obligations under that agreement based on existing pre-paid units and certain other unique provisions included in the 1995 agreement.

"We are very pleased to welcome NEC as an ITC 3G patent licensee, while also reaching an amicable resolution of the outstanding patent dispute between us," said Howard Goldberg, President and Chief Executive Officer of InterDigital. "NEC is a key global supplier of telecommunications equipment worldwide, and the number one supplier of 3G telecommunications products in Japan, the country which is leading the world in 3G rollout. This licensing agreement with NEC, combined with our previous 3G agreements with Sharp, Matsushita, and Japan Radio Company demonstrates the strength of ITC's expanding 3G patent portfolio. Our broad portfolio of essential patents, along with InterDigital's 3G products and technology, will serve to fuel the Company's revenue growth as the 3G market emerges."

"The 3G patent licensing program at ITC continues to gain momentum," added William J. Merritt, President of ITC. "We have executed four 3G license agreements in the last ten months, including agreements with the top two manufacturers in Japan. We anticipate continued success in 2002, as additional companies come to recognize the breadth and scope of ITC's 3G related inventions realized over 15 years of research and development. We are well positioned to leverage these key 3G license agreements as other global markets emerge."

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Given the complexity of accounting for revenue associated with multi-faceted agreements, the Company and its auditors have not finalized the manner in which revenue will be recognized for payments to be received under these agreements.

About NEC Corporation

NEC Corporation (NASDAQ: NIPNY) (FTSE: 6701q.l) is a leading provider of Internet solutions, dedicated to meeting the specialized needs of its customers in the key computer, network and electron device fields through its three market-focused in-house companies: NEC Solutions, NEC Networks and NEC Electron Devices. NEC Corporation, with its in-house companies, employs more than 150,000 people worldwide and saw net sales of 5,409 billion Yen (approx. US\$43 billion) in fiscal year 2000-2001. For further information, please visit the NEC home page at: <http://www.nec.com>.

NEC is a trademark of NEC Corporation.

About InterDigital Communications Corporation

InterDigital develops advanced wireless technologies and products that drive voice and data communications. The Company offers technology and product solutions for mainstream wireless applications that deliver cost and time-to-market advantages for its customers. InterDigital has a strong portfolio of patented TDMA, GSM/GPRS and CDMA inventions, which it licenses worldwide. For more information, please visit InterDigital's web site: www.interdigital.com.

InterDigital is a trademark of InterDigital Communications Corporation.

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This press release contains forward-looking statements regarding, among other things, the continued success in our patent licensing program, our ability to leverage existing agreements, and the growth in ITC's 3G related patent license revenue. Such statements are subject to risks and uncertainties. Actual outcomes could materially differ from those expressed in any such forward-looking statements due to a variety of factors. These factors include, but are not limited to ITC's ability to obtain and maintain key patents worldwide, inability to conclude licensing agreements upon mutually acceptable terms, failure of licensees to meet sales expectations, and the failure of the 3G market to materialize at all or at the rate or pace that we expect, as well as other factors listed in the Company's most recently filed 10-K Annual Report. InterDigital undertakes no duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

News Release

InterDigital®

Wireless technologies to move your ideas™

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FOR IMMEDIATE RELEASE

January 15, 2002

INTERDIGITAL EXPANDS WORLDWIDE PATENT LICENSE WITH JAPAN RADIO COMPANY

Agreement Covers FDD and TDD for All Modes of 3G Products

King of Prussia, PA, January 15, 2002 . . . InterDigital Communications Corporation (Nasdaq: IDCC) today announced that its subsidiary, InterDigital Technology Corporation (ITC), has expanded its worldwide royalty-bearing patent license with Japan Radio Co., Ltd. (JRC) to include Narrowband CDMA and 3G products. The new agreement expands license coverage to include wireless devices, whether fixed or mobile, and infrastructure equipment, built to GSM, Narrowband CDMA (including the IS-95 and CDMAOne technology specifications) and all 3G standards, including both FDD and TDD for W-CDMA, as well as TDMA based specifications.

"Over the last twelve months, we executed three new 3G patent licenses with Matsushita, Sharp and now JRC," said Howard E. Goldberg, President and Chief Executive Officer of InterDigital. "These three agreements are strong evidence of InterDigital's growing momentum in the 3G market and reflect the industry's recognition of the importance of ITC's 3G essential patent portfolio. These agreements are designed to deliver growing revenue as licensed products are sold. We expect to continue these successes in 2002."

William J. Merritt, President and Director of ITC, stated, "This agreement with JRC is further proof of the major contributions to 2G and 3G technologies made by InterDigital. Our patent portfolio now stands at over 3,600 patents and patent applications worldwide, covering TDMA and CDMA inventions conceived over a 15-year period. In 2001 alone, we secured 42 additional patents worldwide and filed for an additional 249 patents worldwide. InterDigital's inventors are contributing to the advancement of wireless technologies, and their patents are providing a growing revenue source for the Company."

In accordance with SAB 101, InterDigital will recognize royalty revenue as JRC reports sales of products licensed under the agreement. JRC signed a worldwide royalty-bearing TDMA patent license with ITC in 1999 and is now licensed under both ITC's TDMA and CDMA patents around the world.

For more information on Japan Radio Co., Ltd., please visit: <http://www.jrc.co.jp/index-e.html>.

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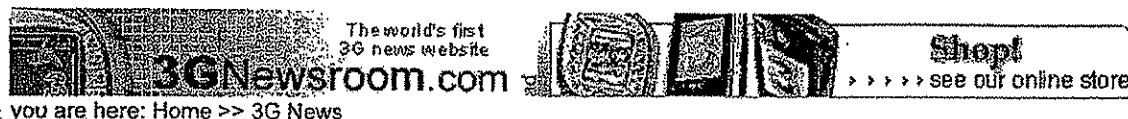
InterDigital develops advanced wireless technologies and products that drive voice and data communications, offering solutions for mainstream wireless applications that deliver cost and time-to-market advantages for its customers. By leveraging its technology and intellectual property into third generation standards and products, the Company is maximizing its long-term revenue and earnings opportunities. InterDigital has a strong portfolio of patented TDMA, GSM/GPRS and CDMA inventions, which it licenses worldwide. For more information, please visit InterDigital's web site: www.interdigital.com.

InterDigital is a trademark of InterDigital Communications Corporation.

CDMAOne is a trademark of Qualcomm Incorporated.

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This press release contains forward looking statements regarding, among other things, the continued success in our patent licensing program and the growth in ITC's patent license revenue. Such statements are subject to risks and uncertainties. Actual outcomes could materially differ from those expressed in any such forward-looking statements due to a variety of factors. These factors include, but are not limited to ITC's ability to obtain and maintain key patents worldwide, changes to the 3G standard in a manner that adversely affects the applicability of our patents to the standards, inability to conclude licensing agreements upon mutually acceptable terms, failure of licensees to meet sales expectations, and the failure of the 3G market to materialize at all or at the rate or pace that we expect, as well as other factors listed in the Company's most recent filed 10-k Annual Report. InterDigital undertakes no duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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Hop-On enters royalty agreement with InterDigital

December 18, 2002

Hop-On, a developer of disposable and fully recyclable cell phones, announced that its subsidiary, Hop-On Wireless, and InterDigital Technology Corporation (ITC), a subsidiary of InterDigital Communications Corporation, have entered into a royalty-bearing license agreement covering Hop-On's manufacture and sale of wireless communications products compliant with TDMA 2G and multiple 3G standards.

Under the agreement, ITC has granted Hop-On a worldwide, non-exclusive license under InterDigital's patents to develop, manufacture and sell wireless devices built to Second Generation TDMA standards, including IS-54/136, GSM, GPRS, EDGE and others; and all 3G standards, including FDD and TDD for WCDMA, TD-SCDMA, and CDMA2000. Under the terms of the agreement, ITC will receive a royalty on each licensed product sold by Hop-On.

"This agreement reflects our ongoing success in licensing manufacturers worldwide that are producing to the primary 2G and 3G wireless standards," stated William J. Merritt, President of ITC. "It further validates InterDigital's position as a recognized developer and contributor of essential technology while also demonstrating the positive impact of our recent acquisition of exclusive patent licensing rights from Tantivy Communications, particularly as it relates to CDMA2000."

Peter Michaels, Chairman and CEO of Hop-On, commented, "This agreement significantly expands our access to critical intellectual property and will enable us to move forward in our production of additional low-priced handset models. Our first priority will be to address the needs of the international markets where GSM is the dominant protocol."

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M-Profits: Making Money from 3G Services

ISBN: 0470847751



This book discusses 3G services from the view of what is needed for the service to provide value to the user, what is the value proposition for the user, how will money be made out of delivering the service, and discussions on how revenue sharing propositions might work to benefit content providers and network operators. 3G operators should take note of this highly recommended book.